Chichester HEDNA

2022 Update

Iceni Projects Limited on behalf of
Chichester District Council

April 2022

CONTENTS

APPENDICES

A1. INFRASTRUCTURE CONSTRAINED SCENARIO – 555 DPA

1.   EXECUTIVE SUMMARY

1.   Chichester District Council commissioned Iceni Projects and Justin Gardner Consulting to prepare this update to the Housing & Economic Development Needs Assessment ("HEDNA"). This work was most recently updated by GL Hearn in January 2018, August 2018 and September 2020.

2.   As an update report this work is not a full HEDNA but a targeted review of the main outputs. These include, updating the housing market, assessing housing need, calculating affordable housing need, the need for older persons housing and other groups. On the economic side the main outputs are updated economic forecasts, a review of the commercial property market, and updated employment space calculations. Much of the previous HEDNA remains relevant including HMA geographies and should be cross referenced with this report as and when necessary.

Housing Market

3.   The median house price in Chichester so far in 2021 has been £415,000. Typically prices are in line with the regional and above the national average.

4.   There is significant variation in house prices across the district with the highest prices are found in the north of the district. The lowest prices can be found in Chichester City.

5.   With the exception of semi-detached the median house price across all other types of homes were higher in Chichester than the South East in 2020.

6.   Median house prices in the district are now 14 times the median earnings of those working in the district and 12.5 times the median earnings of those living in the district. This means that without considerable equity there is likely to significant constraints on people being able to access the sales market.

7.   Transactions in the district are still well below the pre-2008 recession peak. It is also clear that the numbers of homes being sold has been falling since 2014.

8.   Local agents have reported that there has been a lack of supply as people have been unable and unwilling to move. This includes a period in 2020 when lockdown stopped homes being viewed.

9.   In the last six years completions have averaged around 590 dwellings per annum. In the most recent year they totalled 530 dwellings

10. In the year to March 2021 median monthly rents in Chichester were £900. There is relative parity between the district and regional figures for all sizes of rental units and these are above the national average.

11. Since 2015 median rents have increased by around 5%. This compares to around 16% in the South East and 22% nationally.

Demographics

12. Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational

population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.

13.   The District has a notably older age structure than seen regionally or nationally, with 28% of the population estimated to be aged 65 and over in 2020 (compared to a national average of 19%). The Manhood Peninsula sub-area sees a particularly old population (33% aged 65+).

14.   Past population growth in Chichester has been fairly average in a regional and national context, over the past 9-years (since 2011) the population of the District has grown by 6.6% - compared with a 6.5% increase regionally and nationally over the same period (West Sussex saw higher growth at 7.3%). Population growth is driven by net internal migration (moves from one part of the country to another) with the District seeing a negative level of natural change (i.e. more deaths than births).

15.   Projecting forward the latest ONS subnational population projections (SNPP) the District continues to see relatively strong population growth, with the 2018-based SNPP showing higher projected changes in Chichester than regionally or nationally (and at a similar level to that projected across West Sussex). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for in excess of 100% of all projected population change (i.e. there is projected to be a modest population decline in people aged Under 65).

16.   Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS subnational household projections (SNHP).

17.   In analysing data about HRRs, it was considered that the latest (2018-based) version potentially built in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.

Housing Need

18.   In line with the standard method for calculating housing need as set out currently in the PPG, a minimum local housing need of 763 homes per annum is identified for Chichester District.   The housing need for the area covered by the Chichester Local Plan (which excludes parts of the District within the South Downs National Park) is 638.

Table EX.1 – Overall Housing Need

	Chichester
Step 1 - Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2021-31	**545**
Step 2 - Affordability Adjustment:	
Median workplace-based affordability ratio, 2020	14.09
Adjustment Factor	163%
Step 2 Housing Need Figure	**884**
Step 3- Cap:	
Date of plan adoption	14th July 2015
Plan more than 5 years old	Yes
Housing requirement in last adopted plan	435
Cap @ 40% above Higher of Step 1 or Local Plan	763
Minimum Local Housing Need (p.a.) - District	**763**
Minimum Local Housing Need (p.a.) – Plan Area	**638**

19.   This is based on an average household growth of 545 per annum over the 2021-2022 period (which is also the case for the 2022-2032 period) , taken from the 2014-based Household Projections and applying an affordability uplift of 163% applied to this based on the 2020 affordability ratio. However, the uplift is capped at 40% above the household projections.

20.   The latest HEDNA prepared for the National Park sets out a need of 125 homes in the SDNP area of the District. As a result, 638 homes per annum (763-125 dpa) will be needed in the District outside of the National Park (i.e. in the Plan Area). The Plan Area figure of 638 dpa is the main housing need figure examined in the remainder of the report.

21.   There are no circumstances in Chichester District relating to growth funding, strategic infrastructure improvements or affordable housing need which indicate that 'actual' housing need is higher than the standard method indicates.

22.   Using information from the published SNPP and SNHP, bespoke projections were developed linked to the Standard Method (638 dwellings per annum in the Plan Area and 125 in the SDNP). The modelling considers the level of population growth and household formation that might be expected if these levels of delivery are achieved (in the 2021-39 period).

23.   This bespoke projection suggests that population growth might be expected to be higher than suggested in the latest official projections and that the age structure changes will proportionally include more people aged under 65 as these tend to be the migrant age groups that would move to these homes.

24.   Over the 2021-39 period, delivery of 763 dpa is projected to see an increase in population of 18% (21,700 more people) in the whole District compared with a 9% increase (11,300) in the 2018-based SNPP. Most of the difference is accounted for by a projected uplift in the number of people aged 16-64 (and children).

Labour Supply and Economic Led Housing Need

25.   The report also considers the link between housing and economic growth; seeking to understand what level of jobs might be supported by the labour supply and what level of housing is required to meet economic forecasts. These calculations took into account, the number of people with more than one job, economic activity rates, returning unemployment to pre-pandemic levels and commuting patterns.

26.   The analysis identifies that by delivering 763 dpa of which 638 dpa is in the plan area then 12,313 jobs could be supported in the local (district) economy over the 2021 to 2039. This compares to a baseline economic forecasts showing a growth of 5,761 additional jobs and a growth scenario forecasting 9,802 additional jobs.

27.   The baseline economic forecast would only require 517 dwellings per annum to support job growth, but the figure increases to 669 dwellings per annum when looking at the growth scenario. Of these 392 and 544 dpa would be in the Local Plan area.

Affordable Housing Need

28.   The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO)

29.   The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income.

30.   When looking at rented needs, the analysis suggests a need for 278 affordable homes per annum across the district; the Council is therefore justified in seeking to secure additional affordable housing.

EX2 - Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
Chichester District	58	380	66	504	226	278

31.   Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home).

32.   Additionally, most of the affordable need is already part of the demographic projections and so any additional provision would arguably be double counting.

33.   That said, the level of affordable need across areas can form part of the consideration of the distribution of housing for different locations, along with an understanding of demographic trends and economic growth.

34. The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit.

35. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.

36. When looking at the need for AHO products such as First Homes, the analysis suggests a need across the district for 301 per annum. It should be noted that there could be a significant additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.

37. Analysis does suggest that there are many households in Chichester who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the district is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

38. The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

39. In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

40. Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area.

41. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided.

42. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Housing Mix

43. The proportion of households with dependent children in Chichester District is relatively low with around 24% of all households containing dependent children in 2011 (29% regionally and nationally). Households in the Plan Area North are particularly likely to contain dependent children. There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

44. There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (18-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes,

this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Chichester are very high in the market sector) but also takes account of the move to more home working (potentially requiring a spare room).

EX3 - Suggested Mix of Housing by Size and Tenure – Chichester

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	30-40%	35-45%	15-20%
Affordable home ownership	20-25%	45-50%	20-25%	5-10%
Affordable housing (rented)	35-40%	35-40%	15-20%	5-10%

45.   The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

46.   The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

47.   Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

48.   Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

Older People and Those with a Disability

49.   A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

50.   The data shows that Chichester has an older age structure and similar overall levels of disability compared with the national average – age specific rates of disability are consequently notably lower than seen nationally. The older person population has some distinct characteristics, including a high

representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2021-39 period include:

- A 42% increase in the population aged 65+ (potentially accounting for 67% of total population growth);

- A 58% increase in the number of people aged 65+ with dementia and a 51% increase in those aged 65+ with mobility problems;

- A need for between 1,200 and 1,700 housing units with support (sheltered/retirement housing) – split between market and affordable housing;

- A need for between 900 and 1,000 additional housing units with care (e.g. extra-care) – focussed on the market sector;

- A need for additional nursing care bedspaces; and

- a need for around 1,150 dwellings to be for wheelchair users (meeting technical standard M4(3)).

51. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

52. Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

53. The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

54. In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

55. In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

Other Specific Groups

Homeless Households

56. Chichester has had an average of 67 households owed a homelessness prevention or homelessness relief duty each quarter since 1st April 2018. To again put this in context, this equates to 1.2 households per every 1,000 households in Chichester, compared with 2.5 in the South East and 2.9 across England.

57. Numbers are increasing in in comparison to long term trends although they have fallen significantly over the period from June 2018 to December 2020.

58. There is a significant overlap in the group presenting themselves as homeless and those with mental health problems, physical disabilities, drug and alcohol dependencies as well as other support needs.

Students

59. The University of Chichester is a rapidly growing University both in terms of student roll and reputation. The University is at the beginning of a process called Project Cornerstone which will see the University grow its current full-time student numbers from 4,400 in 2020 to around 6,000 by 2025/26.

60. In order to meet the accommodation demand from the growing student body the University is seeking to deliver 450 additional bedspaces; 250 of which will be located in Chichester. The University is also undertaking a Demand Study drilling into the need for additional accommodation and will act on its findings.

61. It is recommended that the Council should continue to engage with the University regarding opportunities to provide for additional bedspaces to cater for Undergraduates and other year groups. This is to ensure that demand does not outstrip supply, resulting in unbalanced communities.

62. There is an economic imperative of doing so as the student body supports a large section of the local economy and the university provides graduates local businesses. The wider aim to improve affordability would also serve to support a greater graduate retention within the local economy.

Service Families

63. According to the Ministry of Defence there were 1,000 military and civilian personnel stationed in Chichester on 1st April 2020 – almost of all of whom are military personnel.

64. On the basis of the evidence and steps being taken at District and County level, it is not considered that there is a need for further intervention from the Council in respect of service families.

Self and Custom Build

65. The Council is required to grant sufficient planning permissions to meet the demand identified on their custom and self-build Register

66. Over the six base periods (typically 12 month recording periods), there has been a total of 150 registered expressions of interest in a serviced plot of land. And from 1 July 2018, the Council have had 3 applicants which have been placed on part 2 of the register. This averages 25 per annum

67. In addition we can draw on NaCSBA data to better understand the level of demand for serviced plots in Chichester in relative terms. The data shows that Chichester has mid-levels demand of 125 persons per 100,000 of the population.

68.   Iceni consider that in order to respond to demand in the sector, and in response to the PPG's requirements, the Council should support, through planning policy, the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

Office Property Market

69.   The UK office market is recovering from the pandemic but demand still remains subdued in comparison to pre-pandemic levels. Prime (higher spec) offices are likely to be most in demand as firms look for quality over quantity.

70.   The impact of the pandemic on the South Coast's office market is unclear. However, before the market was strong, particularly due to demand from professional, business, and TMT (Technology, Medial and Telecommunications) firms and co-working providers.

71.   Chichester has a relatively small office market which has remained stable in size since 2002/03. However, in the last 5 years the amount of office floorspace in Chichester has been shrinking at a similar rate to West Sussex, the South East and England as a whole.

72.   Chichester's office market is not oversupplied but neither is it particularly constrained. However, if the strong demand observed over the last 2 years continues the market may become undersupplied, unless new floorspace is delivered.

73.   The level of demand for high quality office space in Chichester is uncertain but there is no evidence to suggest that the demand for prime space identified at a national level does not exist in the district.

74.   Lower quality office space in Chichester is well occupied and should not be lost unless absolutely necessary.

75.   Chichester's office market is focussed on small to medium sized provision. Around half of space demand is likely to come from the 100-500 sqm category with the 0-100 sqm categories and 500-2,000 sqm categories making up around a quarter each.

76.   Overall, the current supply-demand position is neutral and hence no significant adjustments need to be made to future floorspace needs modelling set out below.

Industrial Market Summary

77.   The UK industrial property market is thriving, owing to an accelerated shift towards e-commerce, Brexit and demand from high-tech occupiers. This demand is driving high rents which are growing at a faster rate than other major property types.

78.   The South Coast has a significant property market with good transport connections. The areas' industrial market has barely been impacted by the pandemic and strong demand has led to an undersupply of space.

79.   Chichester's industrial market (which includes factories and warehouses) has grown rapidly over the last 10 years and is now a mid-sized market which makes an important contribution to the industrial market of West Sussex and the South East.

80.   Chichester's industrial market is extremely undersupplied. This is due to both strong recent demand and low levels of delivery.

81.   Rents are very strong in Chichester reflecting the areas' strategic location (and potentially historically low vacancy rates).

82.   There is demand for industrial space of all sizes in Chichester, however over half of demand is for floorspace of between 100 and 2,000 sqm. Around 26% of demand is for space between 2,000 sqm and 10,000 sqm with 15% seeking larger (+10,000 sqm) units.

83.   Extreme levels of undersupply in Chichester's industrial market will be considered when assessing future floorspace needs.

Employment Growth Forecast

84.   As set out earlier in this summary the baseline economic forecasts showing a growth of 5,760 additional jobs over the 2021-2039 period and a growth scenario forecasting 9,802 additional jobs.

85.   The growth scenario makes adjustments based on intelligence about the local structure and prospects of a range of sectors within Chichester. Combined these adjustments add an additional 4,041 jobs to the baseline forecasts taking the growth from 0.4% per annum to 0.7% per annum.

86.   However, the 2021 figure is the bottom of the pandemic cycle and some of the initial growth from this point is unlikely to generate any demand for additional floorspace as it will essentially just be the re-employment of those that were furloughed or made redundant during the pandemic.

87.   We have also looked at the number of jobs associated with the delivery of the standard method of 763 dwellings per annum (638 in LPA and 125 in the National Park). Our calculations suggest this level of growth would support 12,313 jobs across the district.

Employment Land Need

88.   As per the Planning Practice Guidance the use of a number of different techniques to estimate future employment land have been used including labour demand, labour supply and completions trends.

89.   In addition we also considered the impact of the pandemic and the potential to reabsorb some jobs within the existing stock, the provision of a flexible margin and future losses to other uses (replacement demand). We also considered the proportion of floorspace required in the Plan Area (85%) as opposed to the SDNP (15%).

90.   This resulted in an overall labour demand need for between 19.7 and 20.5Ha of employment land in the Plan Area between 2021 and 2039.

91.   As with the previous HEDNA we have concluded that the most appropriate scenario to plan for is a hybrid of the labour demand growth scenario and past net completions.

92.   Overall, the evidence suggests that the employment land needs for the Plan Area for the period 2021-39 is for between 110,000 and 117,000 sqm of floorspace which translates to 22 and 23 ha in employment land.

EX3 – Employment Floorspace and Land Requirements 2021-2039 – CLP Area

	Floorspace (Sq. m)	Employment Land (Ha)	Source
Office	36,488 – 42,863	4.9 - 5.7	Labour Demand
Factory	50,497	12.6	Completions
Warehouse	21,288	4.3	Completions
Total	110,277 – 116,796	22.0 – 23.0	

Source: Iceni Projects based on OE and WSCC Data

93. This is slightly lower than the previous 2020 HEDNA which arrived at a need for 25.6 Ha. However, given shocks to the market in the interim period this reduction would not seem unreasonable.

Difference from 2020 HEDNA

94. This section of the report examines the difference between this version of the HEDNA and the previous 2020 version. It should be noted that the plan period differ by two years. The older report examined the 2019-2037 period whereas this report examines the 2021-2039 period. As both period are the same length they can be directly comparable.

95. In comparison to the 2020 HEDNA overall need for the district using the standard method has increased from 746 dpa to 763 dpa of which 638 is expected in the Plan Area which compares to 621 dpa in the previous report . This reflects worsening affordability in the district and accordingly the higher adjustment.

96. The affordable housing need has fallen from 348 social/affordable rented homes per annum to 278 affordable homes per annum.

97. However, the need for affordable home ownership products has increased to 301 per annum from 130 per annum. This increase is largely due to a different method in assessing future supply. The actual gross need has fallen from 385 per annum to 316 per annum.

98. The baseline economic forecasts have increased from 3,700 additional jobs to a growth of 5,760 additional jobs. Although this number includes an element of covid recovery. If the starting point of 2019 were used the baseline job growth would only 2,545 jobs by 2039.

99. The growth scenario has stayed comparable at 9,802 additional jobs compared to 9,500 in the previous report. This is a positive position for the district to take.

100. The approach which relies on labour demand for offices and completion trends for industrial uses replicates the hybrid approach to assessing need within the previous HEDNA. However, the overall net need is slightly lower at 22 to 23 Ha in comparison to 25.6 Ha in 2020.

EX4 - Comparison to Previous HEDNA

Type	2020 Sq. m	2020 Ha	2022 Sq. m	2022 Ha
Office	40,400	5.4	36,488 – 42,863	4.9 - 5.7
Industrial	36,200	9.1	50,497	12.6
Warehouse	55,600	11.1	21,288	4.3
Total	132,200	25.6	110,277 – 116,796	22.0 – 23.0

Source: Iceni Projects and CDC HEDNA 2020

101. The need for offices is largely unchanged while the need for factories has increased and warehousing has decreased.   This is reasonable given the major impacts on the economy that have occurred over the last two years however this should be monitored with any notable recovery addressed.

1.   INTRODUCTION

1.1   Chichester District Council commissioned Iceni Projects and Justin Gardner Consulting (JGC) to prepare this update to the Housing & Economic Development Needs Assessment ("HEDNA"). This work was most recently updated by GL Hearn in January 2018, August 2018 and September 2020.

1.2   As an update report this work is not a full HEDNA but a targeted review of the main outputs. These include, updating the housing market, assessing housing need, calculating affordable housing need, the need for older persons housing and other groups. On the economic side the main outputs are to update economic forecasts, review the commercial property market, and updating the employment space calculations.

1.3   Much of the previous HEDNA remains relevant including HMA geographies and should be cross referenced with this report as and when necessary.

1.4   There have been significant global and national events which have occurred in the interim period as such much of the demographic and economic outlook have changed in the interim period and this update reflects these.

1.5   In addition, there have also been a number of policy announcements which need to be taken into account. This includes the publication of the revised National Planning Policy Framework (2021) and Planning Practice Guidance in relation to First Homes. In both cases this update reflects the new policies and guidance.

1.6   Following this introductory chapter this report has the following structure:

- Chapter 2 - Updates the housing market;
- Chapter 3 – Reviews recent demographics;
- Chapter 4 – Examines overall housing need;
- Chapter 5 - Calculates demographic growth
- Chapter 6 - Examines the link between demographic and Economic Growth
- Chapter 7 - Calculates affordable housing need;
- Chapter 8 – Looks at the need for older people and those with a disability;
- Chapter 9 – Looks at housing need for a range of other specific groups;
- Chapter 10 – Examines the commercial property market;
- Chapter 11 – Forecasts employment growth; and
- Chapter 12 – Calculates the employment space requirements.

2.   HOUSING MARKET UPDATE

2.1   5-202In 2021 the median house price in Chichester was £415,000. This was an increase of just over £15,000 (3.9%) over the last year. As shown in the figure below house price growth has been almost continual since 2000 although there have been corrections in 2008/09 and 2018/19.

Table 2.1   Median House Price - Chichester (2000-2021)
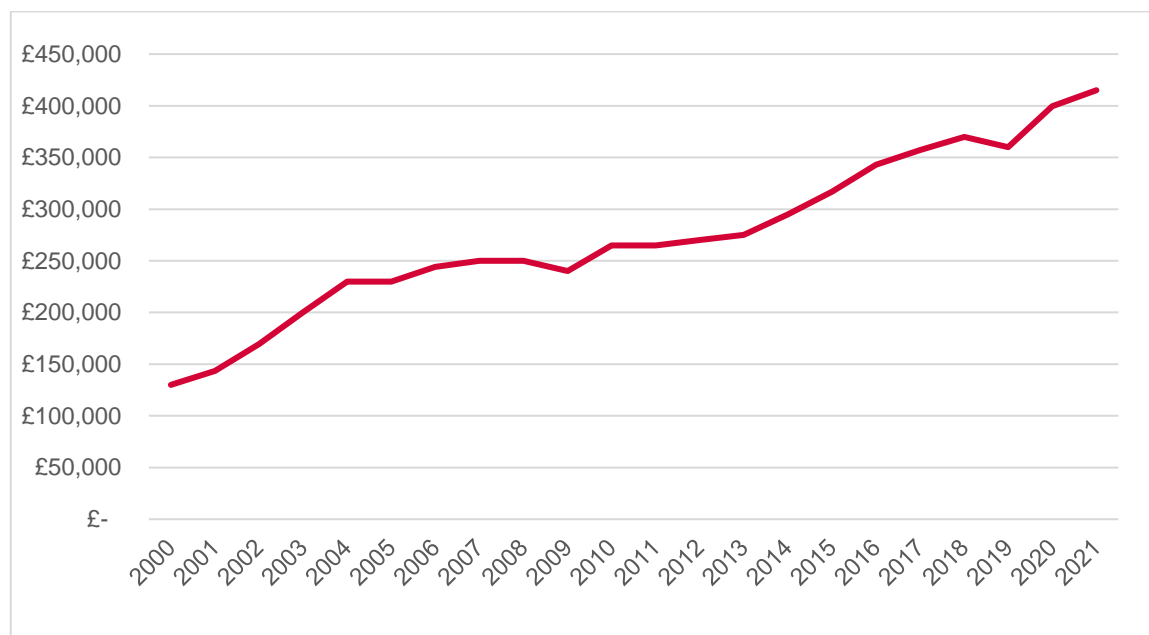
Source: HM Land Registry, 2021

2.2   There is significant variation in house prices across the district. As illustrated in the map below there is a clear urban rural split in the district. The highest prices are found in the north of the district and rural areas immediately to the east and west of Chichester City, where the lowest prices can be found.

2.3   In general, house prices are influenced by the mix of housing with those areas with a high percentage of detached homes likely to have higher overall values than those areas which are predominantly smaller homes such as flats are terraces.

Table 2.2   House Price Heatmap - Chichester (2000-2021)
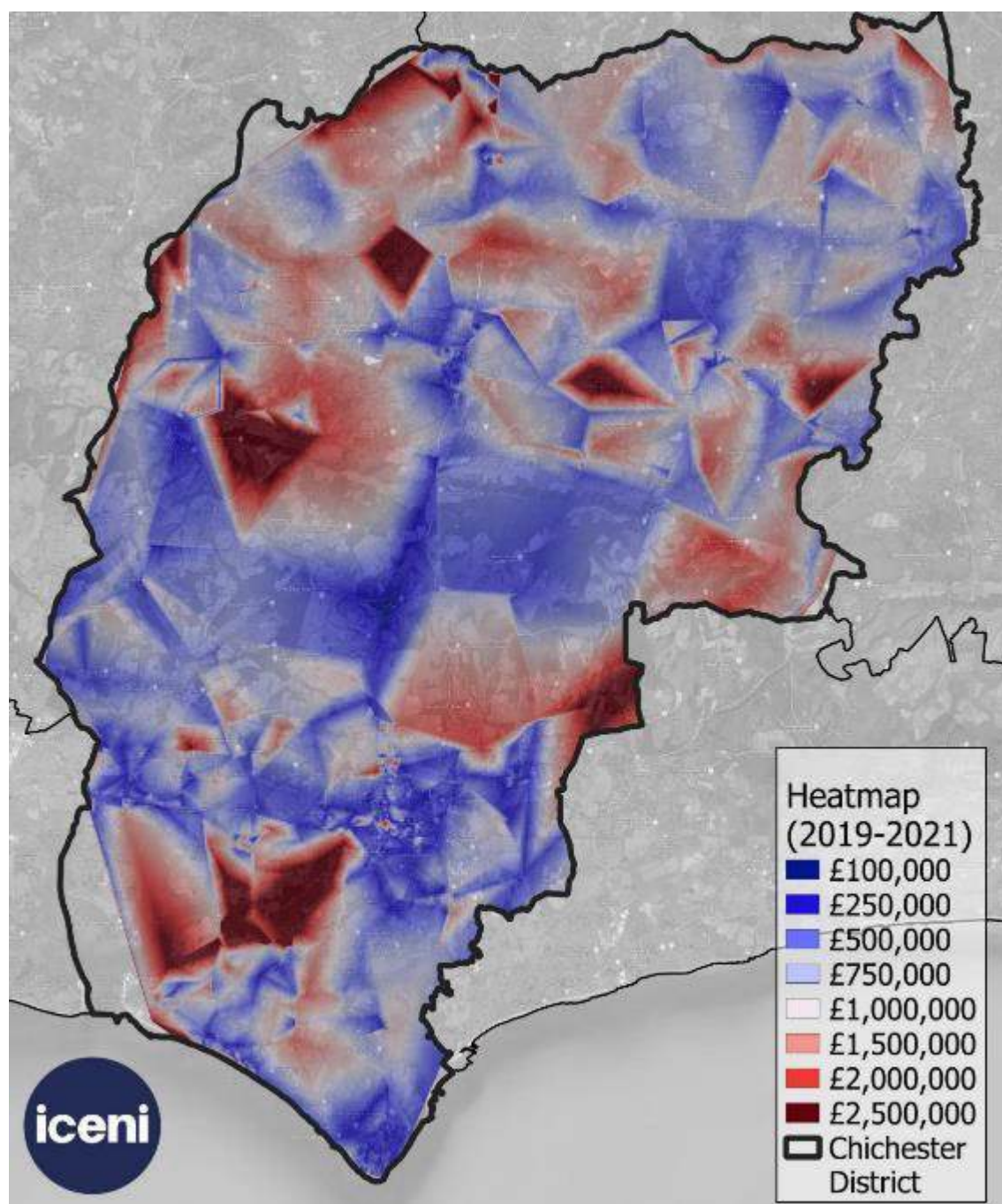
Source: HM Land Registry, 2021

2.4   As the table below shows with the exception of semi-detached the median house price across all other types of homes were higher in Chichester than the wider comparators in 2020. It is also notable that house prices for larger homes have grown at a slightly higher rate over the last two year than smaller homes.

Table 2.3   House Price By Type - Chichester (2019-2021)

| Year	Detached	Semi-Detached	Terraced	Flat	Overall
Chichester 2019	£525,000	£330,000	£296,040	£200,000	£359,975
Chichester 2020	£574,500	£355,000	£310,000	£216,325	£399,500
Chichester 2021*	£600,000	£381,000	£326,000	£217,500	£415,000
West Sussex 2020	£545,000	£360,000	£300,000	£205,000	£360,000
South East 2020	£539,950	£359,950	£290,000	£210,000	£360,000
England 2020	£385,000	£243,500	£215,000	£230,000	£274,000

Source: HM Land Registry, 2021 *Year to Sept 2021

2.5   This can in part be attributed to pandemic related trends with demand for larger homes with a garden and also a space which can be used for a home office increasing. There is also likely to be demand from more people moving out from London as they can work from home at a greater frequency.

Affordability

2.6   Median house prices in the district are now 14 times the median earnings of those working in the district and 12.5 times the median earnings of those living in the district. This reflects the lower wages economy in the district and the extent and impact of those living in the district but commuting out to higher paid employment.

2.7   In both cases the affordability is significantly higher than the 4.5 times average provided by mortgage lenders. This means that without considerable equity there is likely to significant constraints on people being able to access the sales market.

**Table 2.4   Median Affordability Ratio - Chichester (2002 – 2020)**
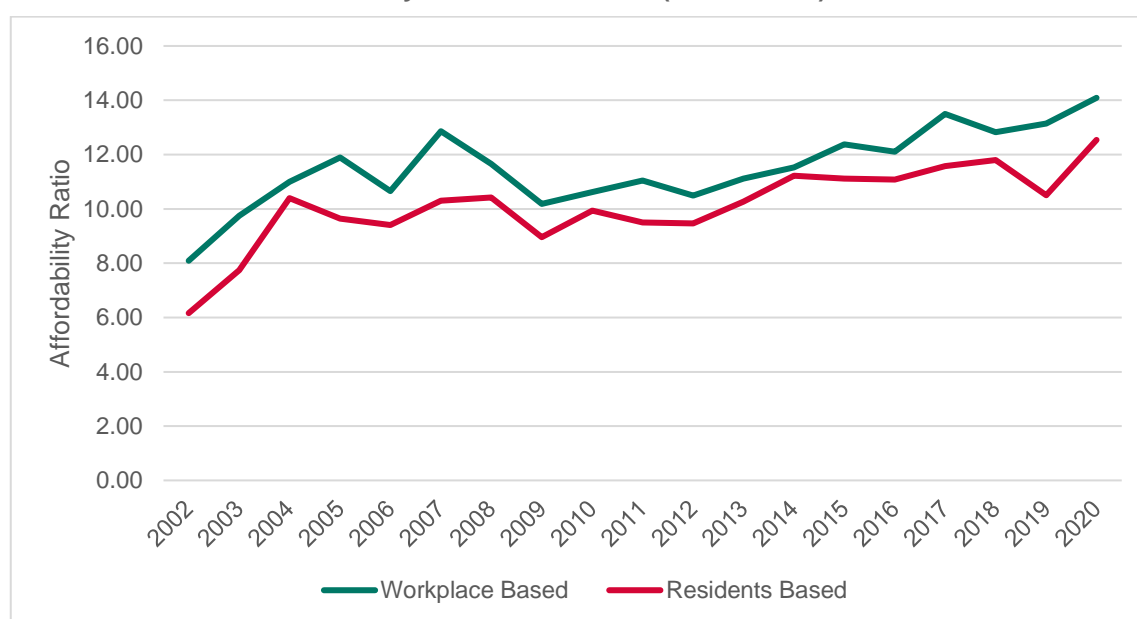
Source: ONS, 2021

2.8   We can also see a significant upturn in the ratio for residence based earnings which is not seen to
        the same extent in workplace based earnings. This potentially reflects higher wages being offered to
        workers in the local tourism and horticultural sectors to help with recruitment and retention.

2.9   The workplace-based affordability ratio of 14.09 is the most important of these ratios as it directly
        feeds into the calculation of housing need using the standard method.

Transactions

2.10   There were around 1,700 homes sold in Chichester in 2020 and to the end of August this year sales
        have numbered 1,100. As illustrated in the figure below this is well below the pre-2008 recession
        peak. It is also clear that the numbers of homes being sold has been falling since 2014.

Table 2.5   Indexed Transactions in Chichester (2000-2020)
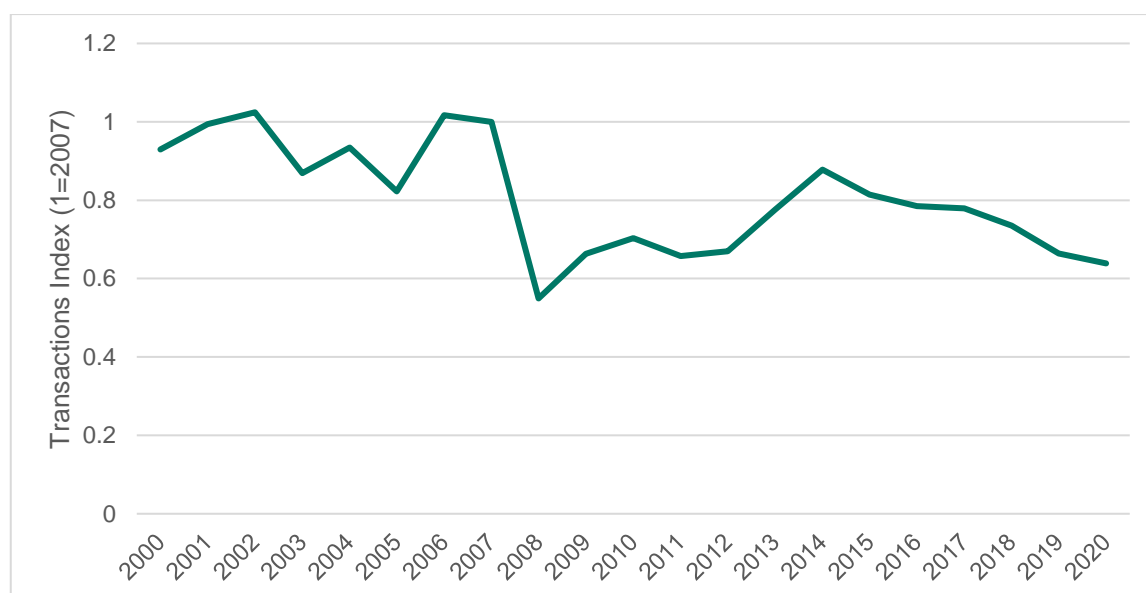
Source: HM Land Registry, 2021

2.11   Local agents have reported, as they have elsewhere in the South East that in 2020 and 2021 there
        has been a lack of supply as people have been unable and unwilling to move. This includes a period
        in 2020 when lockdown stopped homes being viewed. The availability of homes has also slowed
        since the stamp duty holiday has ended.

Completions

2.12   Net additional dwellings which is a proxy for completions have over the last 20 years in Chichehave
        averaged just under 500 dwellings. However, in the last six years this has increased to around 590
        dwellings per annum. In the most recent year completions in the district have totalled 530. Of these
        the Plan Area has accounted for an average of 462 dwellings per annum since 2013-14 or
        approximately 93% of all net additional dwellings.

Table 2.6   New Additional Dwellings (2001-2021)
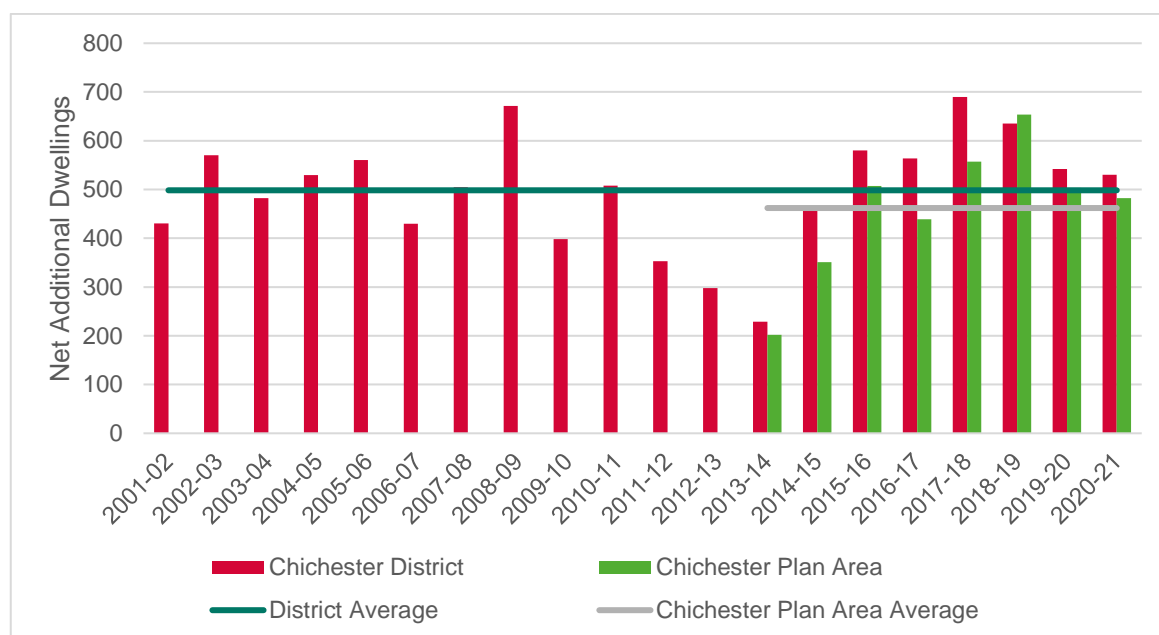
Source: DLUHC and CDC Data, 2021

2.13   Using data from Energy Performance Certificates issued to new build homes it is possible to examine the exact location of completions in the district. As illustrated in the map below, over the last six years deliver of new builds in the district has been focused in the south of the district.

2.14   There is also a notable gap in the middle and north of the district where the South Downs National Park is located. This is due to restrictions placed on the delivery of housing and all other forms of development. There has however been some development including a cluster in Midhurst.

2.15   The majority of completions have been in the City and along the A27 including a large cluster in Southbourne. There have also been clusters of development on the south coast in East and West Wittering and Selsey.

2.16   In the north of the district outside of the National Park there been clusters of development in Loxwood and Ifold. As shown in previous analysis examining housing market areas these villages typically operate in a slightly different market which relates to Horsham and to a lesser degree Guildford.

Table 2.7   New Build Sales (2015-2021)
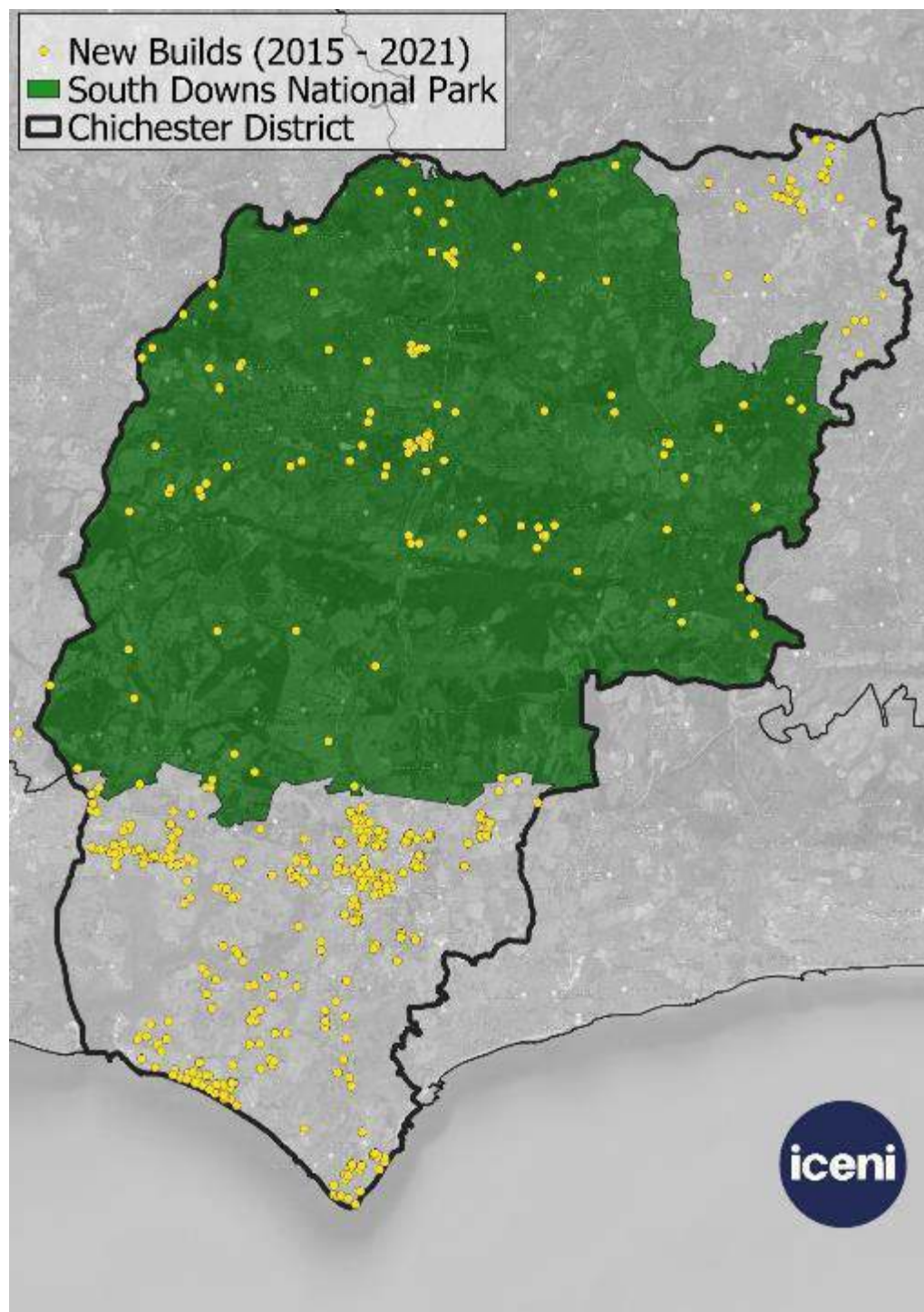
Source: MLUHC, 2021

Rental Market

2.17   In the year to March 2021 median monthly rents in Chichester were £900. This is the same as the
         South East and £170 per month higher than the national equivalent (£730). As illustrated in the figure

below there is relative parity between the district and regional figures for all sizes of rental units and generally these are above the national average.

Table 2.8   Median Monthly Rents (Year to March 2021)

	Room	Studio	1-bed	2-beds	3-beds	4-beds+	Overall
Chichester	£410	£625	£710	£895	£1,100	£1,595	£900
South East	£450	£600	£725	£900	£1,100	£1,625	£900
England	£412	£575	£650	£700	£800	£1,350	£730
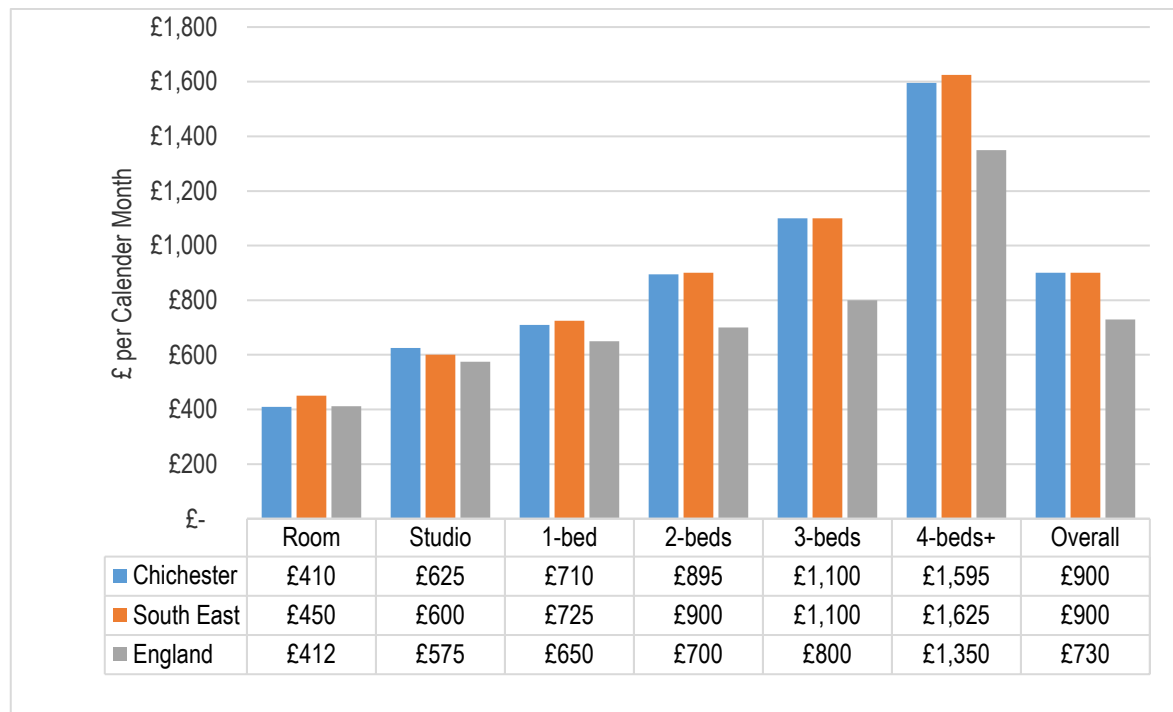
Source: ONS, Private Rental Market Summary Statistics, 2021

2.18   Lower Quartile Median Rents in Chichester, which are the benchmark typically used for calculating affordable housing need, were around £775 per month in the year to March 2021. This was slightly higher than the South East equivalent of £750 and above the national figure of £565.

2.19   As illustrated in the table below, the district is slightly above the regional equivalent for most size of rental units. There is a particularly large gap in the cost of renting larger homes in comparison to the national figure. This may be driven by some demand in the student housing market.

Table 2.9   Lower Quartile Monthly Rents (Year to March 2021)

	Room	Studio	1-bed	2-beds	3-beds	4-beds+	Overall
Chichester	£390	£550	£650	£825	£975	£1,360	£775
South East	£400	£520	£650	£795	£950	£1,350	£750
England	£368	£450	£500	£575	£650	£975	£565

Source: ONS, Private Rental Market Summary Statistics, 2021

2.20   Although the district has above average rental prices, the rate of increase has been much lower than in the wider south east and nationally. Since 2015 overall median rents have increased by around 5%. This compares to around 16% in the South East and 22% nationally.

Table 2.10   Indexed Median Rental Growth (2011-2021)
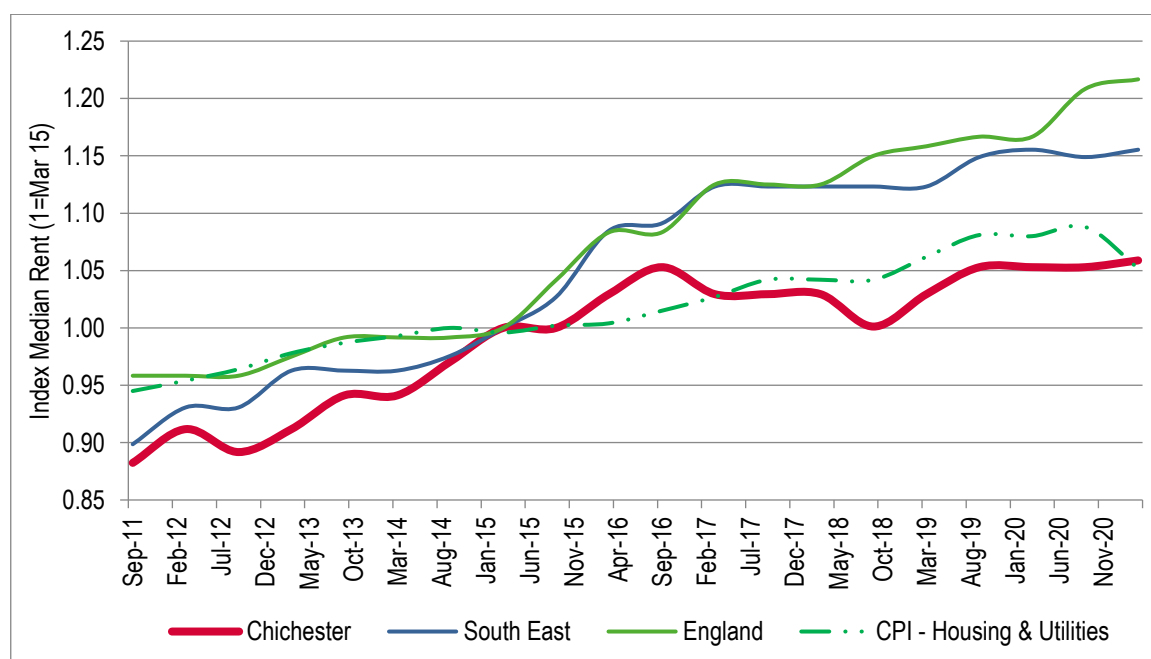
Source: ONS, Private Rental Market Summary Statistics, 2021 and HM Treasury

2.21   It is also clear from the figure above that for much of the last six years rental costs in the district have been below the rate of inflation. This means that in real terms rents have become cheaper. There has however been a fall in housing inflation in the last year although this is likely to be reversed when newer data is published.

Summary

2.22   The median house price in Chichester District so far in 2021 has been £415,000. Typically, prices are in line with the regional and above the national average.

2.23   There is significant variation in house prices across the district with the highest prices are found in the north of the district. The lowest prices can be found in the City.

2.24   With the exception of semi-detached the median house price across all other types of homes were higher in Chichester than the South East in 2020.

2.25   Median house prices in the district are now 14 times the median earnings of those working in the district and 12.5 times the median earnings of those living in the district. This means that without considerable equity there is likely to significant constraints on people being able to access the sales market.

2.26   Transactions in the district are still well below the pre-2008 recession peak. It is also clear that the numbers of homes being sold has been falling since 2014.

2.27   Local agents have reported that there has been a lack of supply as people have been unable and unwilling to move. This includes a period in 2020 when lockdown stopped homes being viewed.

2.28   In the last six years completions have averaged around 590 dwellings per annum. In the most recent year they totalled 530 dwellings

2.29   In the year to March 2021 median monthly rents in Chichester District were £900. There is relative parity between the district and regional figures for all sizes of rental units and these are above the national average.

2.30   Since 2015 median rents have increased by around 5%. This compares to around 16% in the South East and 22% nationally.

3.   DEMOGRAPHICS

3.1   This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.

Demographic Trends

3.2   The analysis below looks at some key statistics about demographic trends in Chichester; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow. The data presented is mainly for Chichester District as a whole, although key demographic data for sub-areas is also provided.

Population

3.3   As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2020) and the proportion of the Chichester District total this amounts to. This analysis shows a total population of around 121,500 and that around a quarter of the population lives in each of Chichester City, the Manhood Peninsula and the SDNP sub-areas; Plan Area North is the smallest of the sub-areas, with just 7% of the population.

Table 3.1   Estimated population by sub-area (2020)

	Estimated population	% of population
Chichester City	29,193	24.0%
EW Corridor	24,458	20.1%
Manhood	27,935	23.0%
Plan Area North	8,396	6.9%
SDNP	31,526	25.9%
TOTAL	121,508	100.0%

Source: ONS

Age Structure

3.4   The figure below shows the population profile of Chichester compared with a range of other areas. One key difference is the relatively high proportion of the population aged over about 50 in Chichester when compared with the South East and England (and also above equivalent data for West Sussex).

Table 3.2   Population profile (2020)
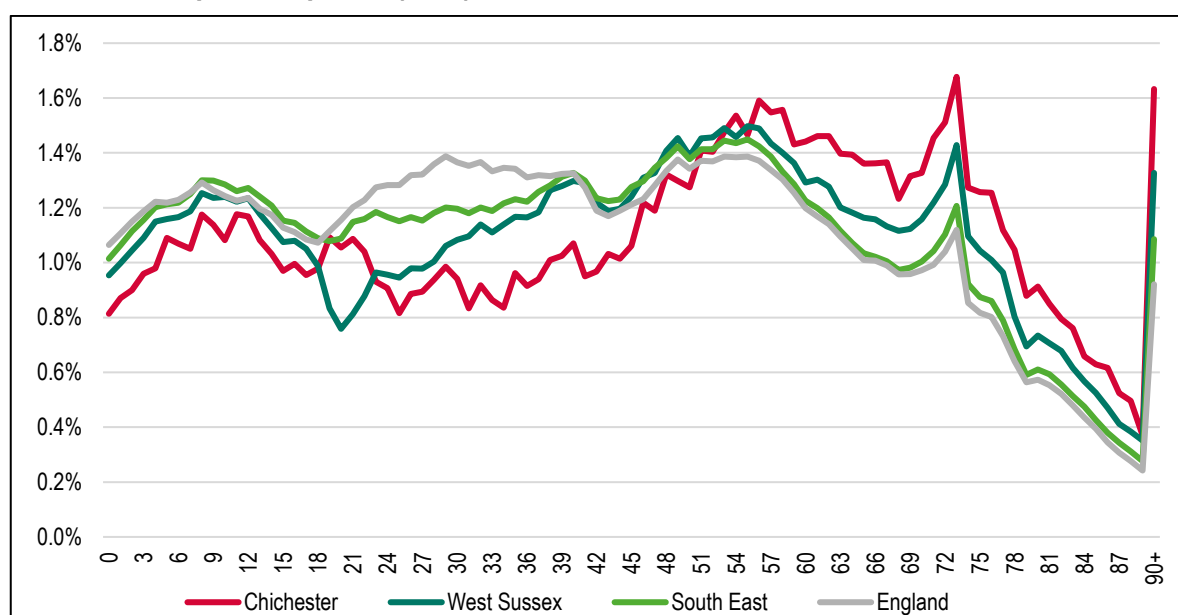
Source: ONS mid-year population estimates

3.5   The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with the regional and national position, Chichester has a higher proportion of people aged 65+ and slightly fewer children – this is also true (but to a lesser extent) when compared with data for West Sussex.

Table 3.3   Population profile (2020) – summary age bands

	Chichester		West Sussex	South East	England
	Population	% of population	% of population	% of population	% of population
Under 16	20,117	16.6%	18.3%	19.3%	19.2%
16-64	67,757	55.8%	58.5%	61.1%	62.3%
65+	33,634	27.7%	23.2%	19.7%	18.5%
All Ages	121,508	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

3.6   The figure below takes this data forward to look at some differences by sub-area. The analysis shows a notably older age structure in the Manhood Peninsula, where a third of all residents are aged 65 and over. The Plan Area North has the highest proportion of children and generally the youngest age structure (although the proportion of people aged 65+ is still well in excess of regional and national averages).

Table 3.4   Population profile by sub-area (2020)
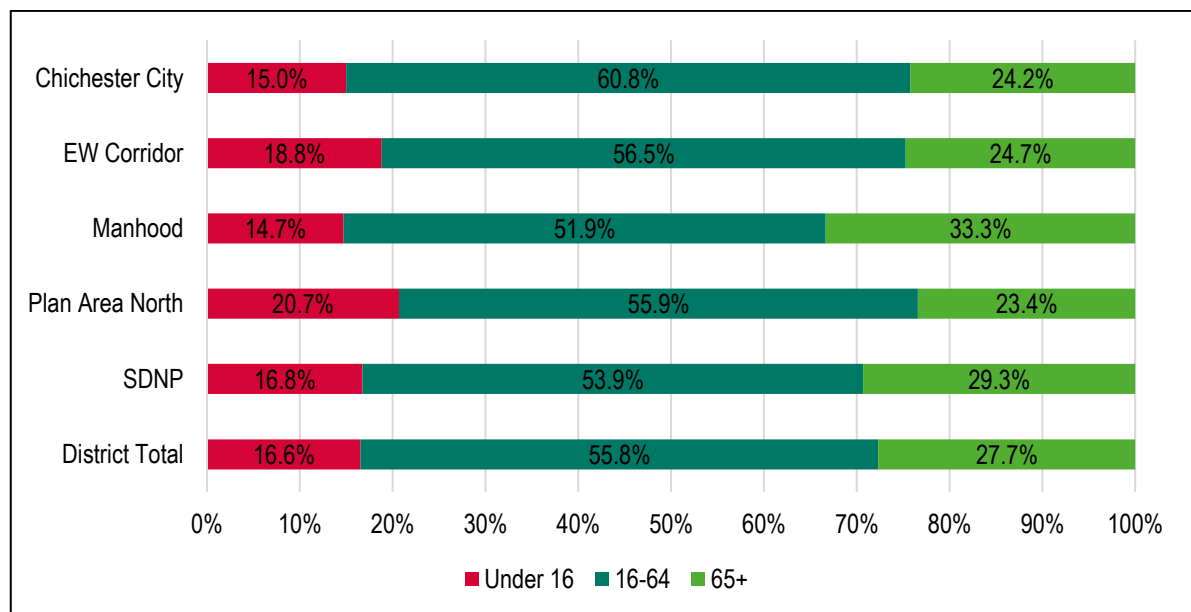
Source: ONS mid-year population estimates

Past Population change

3.7   The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011). The analysis shows over this period that the population of Chichester has risen at a similar rate to that observed in other areas. In 2020, it is estimated that the population of the District had risen by 14% from 2001 levels; from 2011 to 2020 the population increased by about 7% (from 2011 levels).

Table 3.5   Indexed population growth (2001-2020)
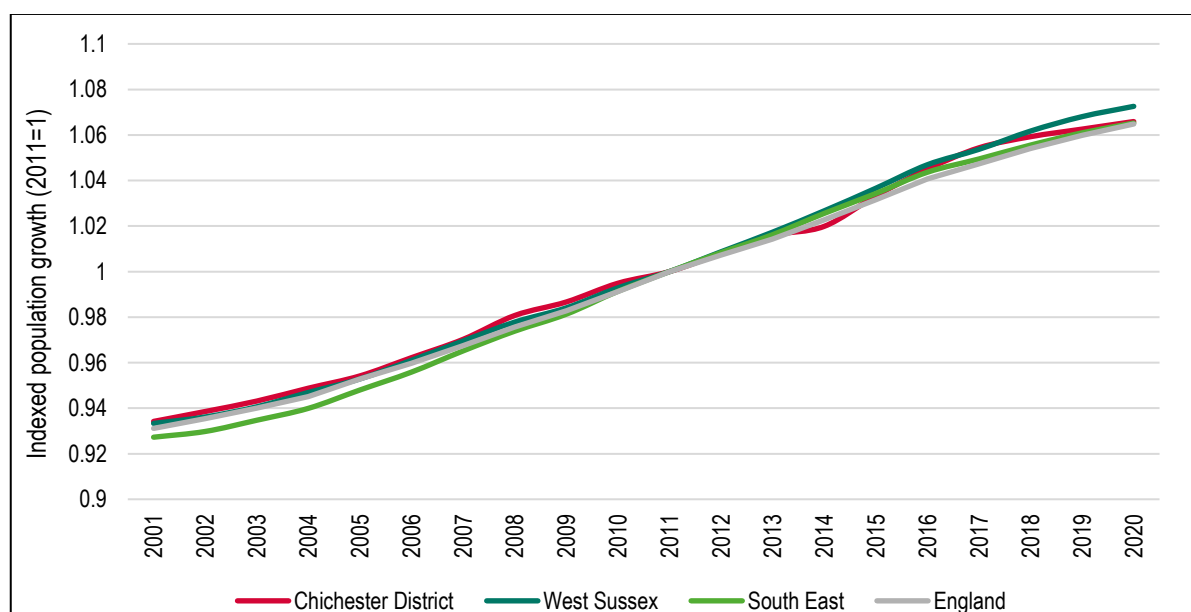
Source: ONS (mid-year population estimates)

3.8   The table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the start point of 2011 has data at a smaller area level and is likely to be fairly accurate

as it draws on information in the Census). The analysis shows over the period that the population of Chichester increased by 6.6%; this is a fairly average level of population change and compares with increases of 7.3% in West Sussex and 6.5% for both the South East and England.

Table 3.6   Population change (2011-20)

	Population (2011)	Population (2020)	Change	% change
Chichester District	113,995	121,508	7,513	6.6%
West Sussex	808,919	867,635	58,716	7.3%
South East	8,652,784	9,217,265	564,481	6.5%
England	53,107,169	56,550,138	3,442,969	6.5%

Source: ONS mid-year population estimates

3.9   The table below shows population change by age (again for the 2011-20 period). This shows an increase in the number of children living in the District (increasing by about 8%) along with a modest increase in the 'working-age' population. The key driver of population growth has been the 65 and over age group, which between 2011 and 2020 saw a population increase of about 5,600 people. This age group increased in size by 20% over the 9-year period.

Table 3.7   Change in population by broad age group (2011-20) – Chichester District

	2011	2020	Change	% change
Under 16	18,630	20,117	1,487	8.0%
16-64	67,308	67,757	449	0.7%
65+	28,057	33,634	5,577	19.9%
TOTAL	113,995	121,508	7,513	6.6%

Source: ONS

3.10   Additional analysis is provided below to look at the sub-areas. The analysis shows an increasing population in all areas, with the highest increase being seen in the East-West Corridor (an increase in population of 2,600 people). The Plan Area North and SDNP saw only modest increases over the period studied.

Table 3.8   Change in population (2011-20) by sub-area

	2011	2020	Change	% change
Chichester City	26,799	29,193	2,394	8.9%
EW Corridor	21,844	24,458	2,614	12.0%
Manhood	26,164	27,935	1,771	6.8%
Plan Area North	8,269	8,396	127	1.5%
SDNP	30,919	31,526	607	2.0%
District Total	113,995	121,508	7,513	6.6%

Source: ONS

Components of Population Change

3.11   The table and figure below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes,' which are generally small and often related to armed forces personnel or boarding school pupils.

3.12   The data shows a negative level of natural change for all of the period (i.e. more deaths than births) and the difference between deaths and births does look to have been increasing over the past decade or so. Over the last 5-years, natural change has averaged a net loss of around 500 per annum. Internal migration has been quite variable –but positive in all years; the last five years for which data is available shows an average of 930 people (net) moving to the District from other parts of the United Kingdom. International migration is also variable, although the data does suggest a positive net level for most years (including all years over the past decade or more); over the past five years international migration has averaged about 270 people per annum (net).

3.13   The data also shows a small negative level of UPC. This suggests that between 2001 and 2011, ONS may have initially overestimated population growth within population estimates (and this was corrected once Census data had been published) – the level of UPC is fairly modest in comparison to that seen in many other locations.

Table 3.9   Components of population change, mid-2001 to mid-2020 – Chichester District

	Natural change	Net internal migration	Net intern- ational migration	Other changes	Other (unattri- butable)	Total change
2001/2	-545	1,126	-66	3	-22	496
2002/3	-405	922	11	1	-7	522
2003/4	-446	1,324	-24	-179	-30	645
2004/5	-348	798	167	42	-43	616
2005/6	-301	1,038	172	53	-49	913
2006/7	-372	1,047	268	22	-48	917
2007/8	-306	1,105	473	-19	-60	1,193
2008/9	-233	654	497	-167	-73	678
2009/10	-235	848	424	-19	-81	937
2010/11	-179	695	59	104	-95	584
2011/12	-178	775	305	2	0	904
2012/13	-274	859	251	65	0	901
2013/14	-285	709	361	-324	0	461
2014/15	-386	1,173	388	348	0	1,523
2015/16	-404	1,245	443	57	0	1,341
2016/17	-499	1,249	298	19	0	1,067
2017/18	-560	654	331	133	0	558
2018/19	-386	543	207	15	0	379
2019/20	-664	968	54	21	0	379

Source: ONS

Table 3.10   Components of population change, mid-2001 to mid-2020 – Chichester District
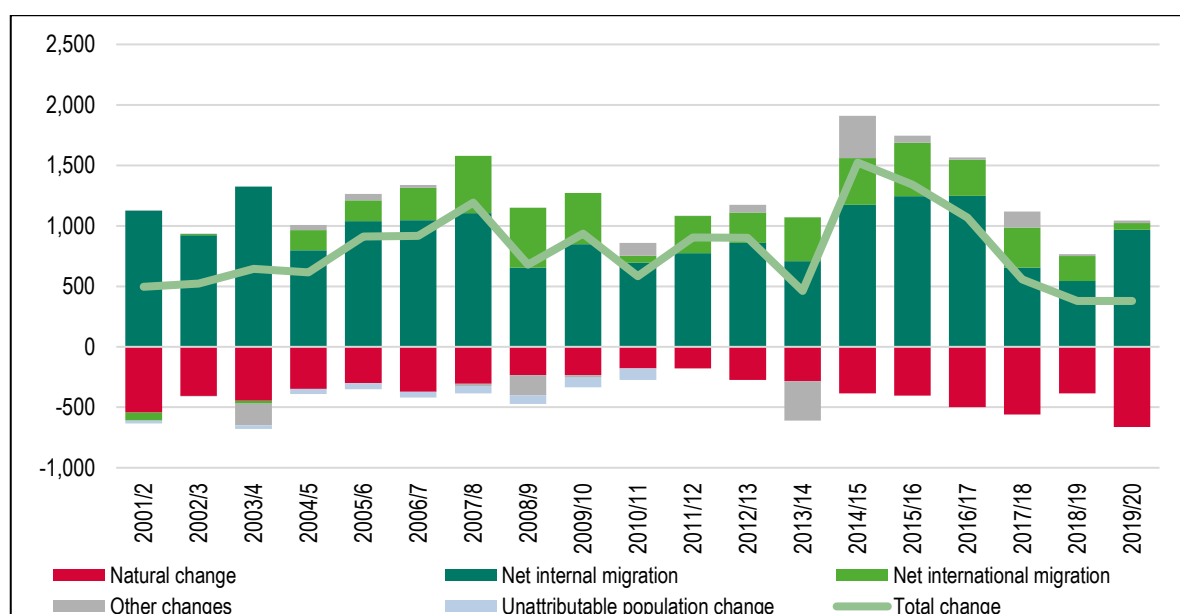
Source: ONS

Other Measures of Past Population Growth

3.14 The analysis above has focussed on data from the ONS mid-year population estimates (MYE). It is possible to contrast estimates of population growth in this source with other measures – the main one being the Patient Register (PR). The table below shows estimated population growth in both the MYE and the PR – data is shown for Chichester, West Sussex, the South East and England.

3.15 In Chichester, the MYE shows population change of 6.6% in the 2011-20 period, whereas the PR is higher (at 8.8%). However, it is notable in all the areas studied that the PR shows higher estimated growth and in fact the difference for Chichester is slightly less notable than for other locations (for example, for England the MYE shows 6.5% growth, but the PR is at 10%).

3.16 Overall, it is difficult to draw any firm conclusions from this data, on the one hand the MYE arguably under-estimates population growth. However the relative difference between MYE and PR estimates is lower than the national level and this could be construed to mean that the opposite may be true (if for example the MYE at a national level are considered to be accurate).

3.17 On balance, it is not considered that the analysis of PR data shows anything sufficiently compelling to suggest setting aside the MYE, either in terms of current population estimates, or trend levels of growth. This analysis can therefore be seen as mainly included for reference purposes.

Table 3.11 Comparing ONS mid-year population estimates with estimates of population from the Patient Register

		2011	2020	Change	% change
Chichester	MYE	114,010	121,480	7,470	6.60%
	Patient Register	118,210	128,660	10,450	8.84%
West Sussex	MYE	808,960	867,670	58,710	7.30%
	Patient Register	830,770	913,230	82,460	9.90%
South East	MYE	8,652,820	9,217,270	564,450	6.50%
	Patient Register	8,937,030	9,813,070	876,040	9.80%
England	MYE	53,107,200	56,550,160	3,442,960	6.50%
	Patient Register	55,312,750	60,870,990	5,558,240	10.00%

Source: ONS

2018-based Subnational Population Projections (SNPP)

3.18 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.

3.19   The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;

- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and

- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

3.20   As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection;

- An alternative internal migration variant; and

- A 10-year migration variant

3.21   In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.

3.22   The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

3.23   The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.

3.24   The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 9.4%, with the alternative internal migration scenario being slightly lower than this (9.2%) – the 10-year trend variant shows slightly lower growth again (at

8.7%). Population growth in both the 2014- and 2016-based projections is slightly higher than the 2018-based figures although difference between the releases is not substantial. The comparison with the 2014-based SNPP is particularly important as it underpins the 2014-based SNHP which is used in the Standard Method).

Table 3.12   Projected population growth (2021-2039) – Chichester District– range of SNPP releases

	2021	2039	Change in population	% change
2018 (principal)	123,463	135,093	11,631	9.4%
2018 (alternative internal)	123,475	134,813	11,339	9.2%
2018 (10-year trend)	123,322	134,102	10,780	8.7%
2016-based	123,504	136,316	12,812	10.4%
2014-based	121,253	135,207	13,954	11.5%

Source: ONS

3.25   As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18).

3.26   The table below shows projected population growth from 2021 to 2039 (using alternative internal migration assumptions) in Chichester and a range of comparator areas. The data shows that the population of the District is projected to increase at a faster rate than seen regionally or nationally, but at a similar rate to West Sussex.

Table 3.13   Projected population growth (2021-2039) – 2018-based SNPP (alternative internal migration assumptions)

	2021	2039	Change in population	% change
Chichester District	123,475	134,813	11,339	9.2%
West Sussex	877,940	960,272	82,332	9.4%
South East	9,292,052	9,902,308	610,256	6.6%
England	56,989,570	60,961,805	3,972,235	7.0%

Source: ONS

3.27   With the overall change in the population will also come changes to the age profile. The table below summarises findings for the three broad age groups previously used. The largest growth will be in people aged 65 and over. In 2039 it is projected that there will be 47,400 people aged 65 and over. This is an increase of 13,100 from 2021, representing growth of 38%. Looking at the other end of the

age spectrum the data shows that there is projected to be a modest decrease in both the number of children (those aged Under 15) and in the 16-64 age group.

Table 3.14   Population change 2021 to 2039 by broad age bands – Chichester District (2018-based SNPP – alternative internal migration assumptions)

|	2021	2039	Change in population	% change from 2021
Under 16	20,236	19,277	-959	-4.7%
16-64	68,937	68,136	-801	-1.2%
65 and over	34,302	47,400	13,099	38.2%
Total	123,474	134,813	11,338	9.2%

Source: ONS

Household Representative Rates (Household Formation)

3.28   Having studied the population size and age structure changes, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

3.29   The latest HRRs are as contained in the ONS 2018-based subnational household projections (SNHP). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time.

3.30   This suppression can be seen in the figure below, and particularly for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting this forward as far as 2021 (following which the rate is held broadly stable). Given the criticisms of the 2018-SNHP a sensitivity analysis has been developed that applies the HRRs from an earlier (2014-based) release. The rates from this projection are also shown on the figure below and it is notable (again for the 25-34 age group) that this projection also appears to build in a degree of suppression (albeit moving forward the projection sees formation rates recover to historical levels).

3.31   The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971) although it should be noted that the 2014-based figures do take a slightly different approach to establishing the households reference person. In the 2014-SNHP a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.

3.32   As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This adjustment has been applied to age groups up to 44. A similar approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG).

3.33   Therefore, three HRR scenarios have been used as described below:

- Linking directly to 2018-based SNHP – 2018-SNHP HRRs;

- Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and

- Linking to the 2014-based SNHP but with a part-return to previous trends for younger age groups (up to age 44) – 2014-PRT

3.34   To be clear, in looking at these three scenarios it is considered that the 2018-SNHP are not a robust set of rates to use – this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups. It is also noted that these figures have been rejected by MHCLG as part of the Standard Method; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust but may include some degree of suppression of household formation in younger age groups.

3.35   The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, taking account of an apparent suppression in the formation of households from the population aged under 45 (and particularly those aged 25-34).

Table 3.15 Projected Household Representative Rates by age of head of household – Chichester District (2008-, 2014- and 2018-based SNHP)
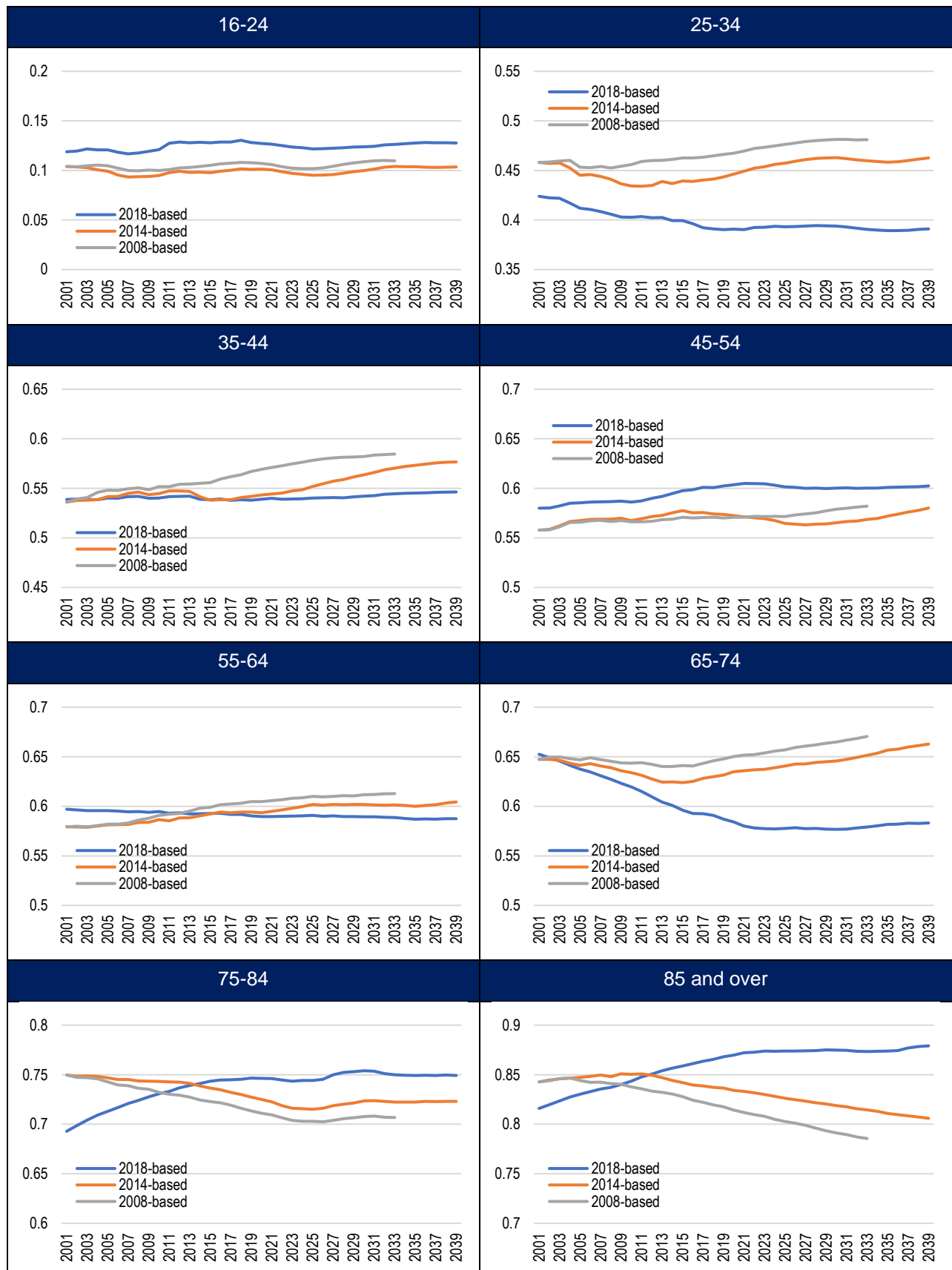
Source: Derived from ONS and CLG data

Household Growth

3.36   The table below shows estimates of household growth with the various HRRs and an estimate of the number of additional dwellings this might equate to. The figures link to population growth in the 2018-based SNPP (alternative internal migration variant).

3.37   To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than in the number of occupied homes (which is taken as a proxy for households), and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.

3.38   The analysis shows an overall housing need for 453 dwellings per annum (dpa) across the District when using the 2018-based SNHP as the underlying household projection. With 2014-HRRs the estimated need figure is higher (519 dpa), and this figure increases slightly to 532 dpa with an adjustment to the formation rates of the younger population.

Table 3.16   **Projected housing need – range of household representative rate assumptions – Chichester District (linked to 2018-based SNPP)**

	Households 2021	Households 2039	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	54,584	62,498	7,913	440	453
2014-HRRs	55,423	64,490	9,066	504	519
2014-PRT	55,423	64,725	9,301	517	532

Source: Demographic projections

Summary

3.39   Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.

3.40   The District has a notably older age structure than seen regionally or nationally, with 28% of the population estimated to be aged 65 and over in 2020 (compared to a national average of 19%). The Manhood Peninsula sub-area sees a particularly old population (33% aged 65+).

3.41   Past population growth in Chichester District has been fairly average in a regional and national context, over the past 9-years (since 2011) the population of the District has grown by 6.6% - compared with a 6.5% increase regionally and nationally over the same period (West Sussex saw

higher growth at 7.3%). Population growth is largely driven by net internal migration (moves from one part of the country to another) with the District seeing a negative level of natural change (i.e. deaths than births).

3.42   Projecting forward the latest ONS subnational population projections (SNPP) continue to see relatively strong population growth, with the 2018-based SNPP showing higher projected changes in Chichester than regionally or nationally (and at a similar level to that projected across West Sussex). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for in excess of 100% of all projected population change (i.e. there is projected to be a modest population decline in people aged Under 65).

3.43   Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS subnational household projections (SNHP).

3.44   In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.

4. HOUSING NEED

4.1   This section considers overall housing need in District. It considers the basis of the current housing requirement; and then considers what current national policy means regarding the local housing need in Chichester and the potential for a higher housing requirement. It also considers the relationship with the South Downs National Park.

Local Plan Housing Requirement

4.2   The Chichester Local Plan was adopted in July 2015. The Local Plan excludes the area of the District within the National Park for which the South Downs National Park Authority ("SDNPA") is the planning authority. The adopted Local Plan looks over the period 2014-2029 with a spatial strategy focussed on providing for the delivery of 7,388 homes in total or 435 homes per annum across Chichester District (on land outside of the National Park).

4.3   The Framework (paragraph 33) sets out that policies in local plans should be reviewed at least once every five years and should then be updated where necessary.[1] The Framework directs that where strategic policies are more than five years old and have not been 'reviewed and found not to require updating,' housing need should be considered using the standard method in Planning Practice Guidance and this should form the basis for assessing five- year housing land supply and housing delivery.

4.4   As the Local Plan is beyond its five-year anniversary, it is necessary to consider the latest evidence on housing need.

Standard Method for Calculating Local Housing Need

4.5   In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the 'standard method' for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance.

4.6   The Government's intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make

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[1] This is a legal requirement as set out in Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012.

the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.

4.7   The NPPF (2021) now sets out in Para 61 that to determine the minimum number of homes needed, *"strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach[2] which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any need that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for."*

The Current Standard Method

4.8   The standard method set out at the time of writing in the Planning Practice Guidance adopts a four-stage approach. The four-step process is set out in the Figure below.

Table 4.1   Overview of the Current Standard Method for Calculating Local Housing Need
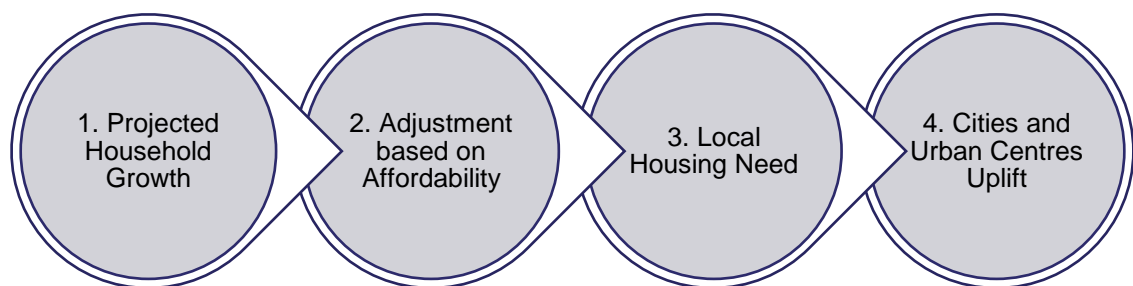
4.9   Step One, in considering housing need against the standard method is to establish a demographic baseline. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten- year period, with the current year[3] being the first year i.e. 2021 to 2031.

4.10   Step Two is to consider the application of an affordability uplift to the demographic baseline, to take account of market signals (i.e. the relative affordability of housing). The adjustment increases the

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[2] The glossary definition of local housing need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

[3] This work was largely prepared in 2021 and thus uses that for a base date. However the average annual household growth for the 2022-32 period is also 545 households, therefore there is no change.

housing need where house prices are high relative to workplace incomes. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is currently for 2020 and was published by ONS in March 2021.

4.11   The PPG states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:

[Adjustment Factor = ((local affordability ratio – 4)/4) x 0.25]

4.12   Step Three is to consider whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied; however, it is the second which is relevant in Chichester District Council:

- The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the Local Development Plan.

- The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

4.13   A final, step four, was introduced by the Government through an amendment to the standard method as set out in the PPG on 16th December 2020. This additional step applies only to Cities and urban centres which fall within the top 20 largest in England and it is therefore not relevant for the purpose of assessing housing need in Chichester. For information only, the fourth step would see an uplift of the figure generated by steps 1 to 3 by 35%.

4.14   The Table below outlines the calculation of the minimum local housing need using the methodology above, as set out currently in the PPG, drawing on the three relevant steps for Chichester District.

4.15   A minimum LHN of 763 homes per annum for the whole of Chichester District is derived based on household growth of 545 per annum, taking from the 2014-based Household Projections, with an affordability uplift of 163% applied to this based on the 2020 median workplace-based affordability ratio.

Table 4.2   Minimum Local Housing Need, Standard Method

Local Authority	Chichester
Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2021-31	545
Affordability Adjustment:	
Median workplace-based affordability ratio, 2020	14.09
Adjustment Factor	163%
Step 2 Housing Need Figure	889
Cap:	
Date of plan adoption	14th July 2015
Plan more than 5 years old	Yes
Housing requirement in last adopted plan*	435
Higher Cap @ 40% above the household growth figure	763
Minimum Local Housing Need (p.a.) – District	**763**
Minimum Local Housing Need (p.a.) – Plan Area	**638**

*This is a figure for the Plan Area

4.16   Notably, the minimum local housing need generated by the current LHN methodology is 74% above the adopted housing requirement figure of 435 homes per annum. However, for the avoidance of doubt, the standard method figure includes the area of the District falling within the South Downs National Park. We have set out below how the Plan Area calculations should be addressed.

The Relationship with the South Downs National Park

4.17   Chichester District Council has historically worked to meet overall housing need for the district with the South Downs National Park Authority (SDNPA). It should however be noted that the SDNPA adopted its own Local Plan in July 2019 which covers the area of Chichester District within the National Park.

4.18   In February 2018, and during the course of the preparation of its South Downs National Park Local Plan, the SDNPA formally requested that Chichester District Council considered whether it could accommodate some, or all, of the unmet housing need arising from the part of the National Park within Chichester District.

4.19   To inform its housing need, a HEDNA for the National Park area was prepared which suggested a demographic-led housing requirement for the area of Chichester District within the National Park of 125 homes per annum for the period 2014-2033. As this report looks at need rather than supply it is assumed that any SDNP contribution to district wide need would be 125 dpa.

4.20   Applying this apportionment to the SDNPA therefore results in the standard method figure of 763 dpa being apportioned as 125 dpa for the SDNP and 638 dpa for the District outside of the National Park. The figure of 638 dpa for the district is the key figure examined in the remainder of the report.

4.21   Any provision below 125 dpa in the SDNP would be considered as unmet need and the district Council would need to consider whether it can be accommodated within the Chichester Plan Area. This will be informed by a final decision on the capacity of the Chichester Plan Area.

Wider Considerations in Assessing Housing Need

4.22   The PPG sets out that the standard method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. The PPG[4] states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. It outlines the circumstances where this may be appropriate, which include:

- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals, City Growth Deals, etc.); or

- Where strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or

- An authority agreeing to take on unmet need from neighbouring authorities, as set out in a Statement of Common Ground.

4.23   The PPG[5] also requires consideration to be given to the inter-relationship with the assessed need for affordable housing. It sets out that:

> "*The total affordable housing need [once assessed] can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.*"

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[4] Paragraph: 010 Reference ID: 2a-010-20190220

[5] Paragraph: 024 Reference ID: 2a-024-20190220

Growth Funding

4.24   There is currently no funding in place to facilitate additional growth in Chichester District. There are also no discussions ongoing relating to growth funding or housing deals at this time and therefore Iceni has not considered this to be relevant to the potential for higher housing need in the District.

Strategic Infrastructure Improvements:

4.25   Iceni is not aware of any strategic infrastructure improvement schemes directly influencing Chichester District. Iceni does however acknowledge that within the wider area, the recent announcement that the Solent Freeport area covering parts of Southampton, Portsmouth and surrounds has been awarded 'freeport' status is significant in the context of strategic infrastructure.

4.26   Freeport sites benefit from common customs rules, planning policies and business taxes being lifted so businesses can import materials and components and then export them without the normal tariffs or regulations. Solent Local Enterprise Partnership ("LEP") has noted that 26,000 new jobs could be created within the Solent area with an additional 26,000 new jobs in the wider UK supply Chain including neighbouring areas such as Chichester. Iceni's analysis around economic growth in the District will factor this in as appropriate.

Affordable Housing Need

4.27   The adopted Local Plan under Policy 34 sets out a policy target for 30% of all new homes to be provided as affordable housing. This applies to all sites providing 11 homes or more. On sites of 6 to 10 homes in areas designated as rural areas, a financial contribution for the provision of affordable housing is sought. Since 2011, the delivery of affordable housing has equated to 33% of housing completions across all sites.

Table 4.3   - Affordable Housing Completions – Chichester Plan Area (2011/12-2020/21)
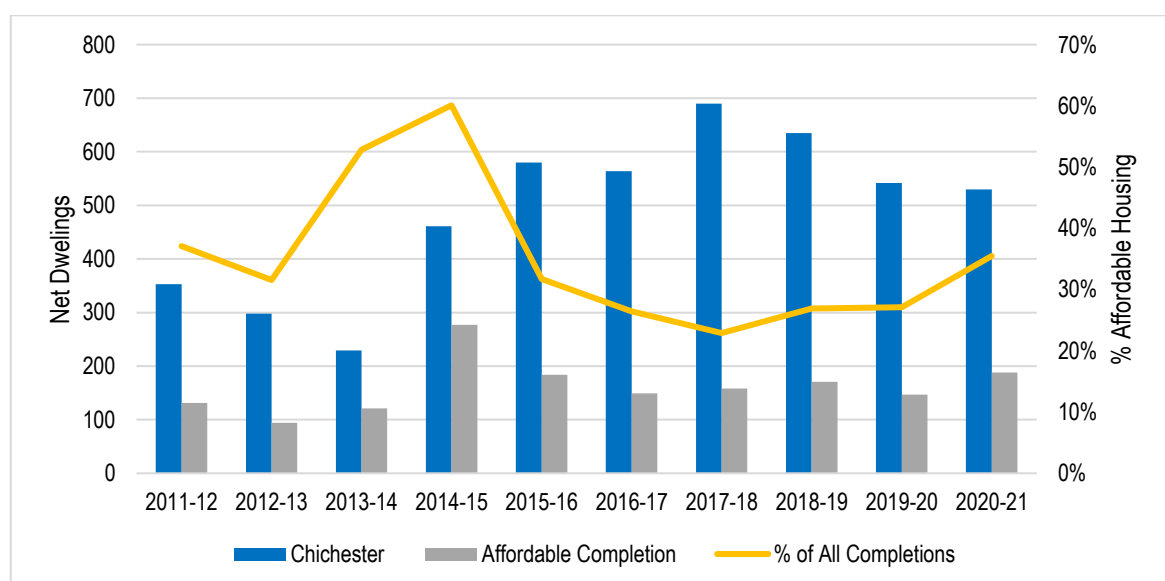
Source: Based on CDC Monitoring Data

4.28   The PPG[6] outlines that an increase in the total housing figures included within a Local Plan should be considered where it could help deliver the required number of affordable homes. The analysis in this report at Section 4 shows a total need for 587 affordable homes per annum. This equates to 77% of the standard method local housing need figure – a level which is unrealistic to achieve and would ultimately constrain the delivery of market housing.

4.29   Furthermore, on the basis of the Council's adopted affordable housing policy at 30%, overall housing need would have to be equal to 1,370 homes per annum if the full extent of affordable housing need were to be met. On the basis of historic average affordable housing delivery at 33%, local housing need would have to be equal to an even higher 1,778 homes per annum.

4.30   Iceni considers that neither of these scenarios are realistic and ultimately, it is inappropriate to use a mechanical relationship to consider how affordable housing provision and overall housing need relate to one another.

4.31   The affordable housing need is a point-in-time assessment based on current housing costs relative to earnings and takes account of current supply. The reality is that many households with an affordable housing need, including those who aspire to own a home, are existing households who would vacant their existing homes should an appropriate affordable home be found for them. Furthermore, newly forming households form part of both the overall need and the affordable housing need and would thus be double counted.

4.32   It is also the case that the intention behind the affordability uplift in the standard method is to improve the affordability of market housing over time. This envisages reducing the cost of market housing relative to earnings, and in doing so would reduce the affordable housing need.

Unmet Housing Need

4.33   Chichester is largely formed by the Coastal West Sussex Housing Market Area, although smaller parts of the District relate to the Guildford and Horsham Housing Market Area. The Coastal West Sussex Housing Market Area is largely comprised of Brighton and Hove, Adur, Worthing and Arun districts.

4.34   Arun is Chichester's closest neighbour and adopted its Local Plan in July 2018. The local plan seeks to provide 20,000 additional homes by 2031. This includes a provision of 81 dpa or 1620 dwellings to "meet the needs of neighbouring authorities who cannot meet their needs, mainly Chichester and Worthing.   Although this is not disaggregated to any specific local authority.

[6] PPG ID: 2a-024-20190220

4.35   Brighton and Hove's City Plan was adopted in March 2016 and makes "provision for at least 13,200 new homes to be built over the plan period 2010 – 2030 (this equates to an annual average rate of provision of 660 dwellings)." This is against a housing need of "1,506 dwellings per annum or 30,120 dwellings to 2030." There is therefore likely to be some unmet need from Brighton and Hove.

4.36   The Adur Local Plan[7] was adopted in July 2018. The Plan "allocates a number of Strategic Site Allocations across the District which will provide an important contribution to the future housing supply and also provide a contribution to the unmet housing needs which exist within the wider Housing Market Area." It is therefore unlikely that Adur will have an unmet need.

4.37   Worthing has submitted a new local plan and hearing sessions have commenced. It is not known as yet how long it will take for this plan to be adopted. However, the submission document[8] suggests that only 26% of overall housing need will be met.

4.38   Adur's Local Plan[9] was adopted in December 2017. It states that "the most up-to-date work on OAN, and that which is used in this Local Plan, is the Objectively Assessed Housing Need Update 2016". As a result, the district has a housing need and requirement of 325 dwellings per annum (6,825 dwellings over the Plan period).

4.39   However, Adur is unable to meet that need "having regard to the identified constraints and potential development capacity." They along with Arun, Worthing and Brighton and Hove are continuing to work with neighbouring authorities including Chichester to meet its housing need. Chichester should consider any unmet need from neighbouring authorities when setting their housing need in their Local Plan.

4.40   In addition, Chichester District also adjoins the Partnership for South Hampshire ("PfSH") which includes a number of local authorities including Portsmouth City Council, Eastleigh Borough Council and Southampton City Council.

4.41   In a recent Statement of Common Ground (October 2021), PfSH has set out that the majority of needs for housing development up to 2036 are already planned to be met through existing planning permissions and allocations in Local Plans and Neighbourhood Plans whilst also acknowledging that there remains unmet housing needs which are not currently being planned for.

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[7] https://www.arun.gov.uk/download.cfm?doc=docm93jijm4n12844.pdf&ver=12984

[8] https://www.adur-worthing.gov.uk/media/Media,159076,smxx.pdf

[9] https://www.adur-worthing.gov.uk/media/Media,159572,smxx.pdf

4.42   In response, PfSH has set out the intention to address the issue of unmet housing need through the preparation of a new Joint Strategy. A programme of work to review the Spatial Position Statement for the PfSH area has been agreed in the first instance.

4.43   The position should continue to be monitored as work progresses with PfSH; however, at the time of writing, the Council has not been approached by any neighbouring Districts in PfSH regarding unmet housing need.

Developing Projections linking to 763 dwellings per Annum

4.44   The section considers the implications of delivering housing in-line with the Standard Method (763 dwellings per annum across the District (638 dpa in the LPA area and 125 dpa in SDNP)).

4.45   This includes understanding potential population growth and changes to population/household structures. Projections have been developed for the 2021-39 period. The projections developed are then used for other analysis in this report (such as to consider changes to the older person population and their potential needs).

4.46   It can be seen from the analysis in Chapter 3, that even with the fairly positive HRRs modelled there would not be the level of household growth required to fill this number of homes associated with the standard method.

4.47   Therefore, two scenarios have been developed which increases migration to the District such that there is sufficient population for 763 additional homes each year. The modelling is split between the LPA and the SDNP with an assumption of delivery of 125 dwellings per annum in the Park area. The latter is kept at a constant throughout the report to reflect the National Park Authorities calculation.

4.48   In summary, an approach has therefore been developed that increases migration to project how population and household structures might change with delivery of 763 homes each year (2021-39). This approach is consistent with that set out in the PPG (2a-006).

4.49   Within the modelling, migration assumptions have been changed so that across the District the increase in households matches the housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP (alternative internal migration variant) with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:

- Base population in 2020 from the latest mid-year population estimates rolled forward to 2021 using assumptions underpinning the 2018-SNPP;

- Household representative rates from the 2014-based SNHP with an adjustment in younger age groups; and

- The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (alternative internal migration variant)

4.50   In developing the projection, a higher level of population growth is derived (21,700 additional people compared with 11,300 in the SNPP as published). The age structure of the projection is also slightly different, with the higher projection showing stronger growth in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).

4.51   The table below summarises this information into three broad age bands. This confirms that increases in the older person population are projected to be the most significant but does also show that the increase in the population aged 16-64 is higher than is projected by the official projections. The 2018-based SNPP suggest a decrease of around 800 people aged 16-64 (2021-39), whereas the projection linked to the standard method increases this notably – to a figure of around 6,200 people).

Table 4.4   Population change 2021 to 2039 by broad age bands – Chichester (linked to delivery of 763 dwellings per annum (Standard Method))

	2021	2039	Change in population	% change from 2021
Under 16	20,193	21,156	963	4.8%
16-64	67,894	74,128	6,234	9.2%
65 and over	34,256	48,785	14,529	42.4%
Total	122,343	144,069	21,726	17.8%

Source: Demographic Projections

4.52   The table above shows data for the whole of the District (i.e. including areas both within and outside of the National Park). It is of interest to see the projected changes for the LPA areas and the Park separately and this is shown in tables below.

Table 4.5   Population change 2021 to 2039 by broad age bands – Chichester LPA (linked to delivery of 638 dwellings per annum)

	2021	2039	Change in population	% change from 2021
Under 16	14,879	16,250	1,371	9.2%
16-64	50,851	57,666	6,815	13.4%
65 and over	24,854	35,898	11,043	44.4%
Total	90,584	109,814	19,229	21.2%

Source: Demographic Projections

Table 4.6   Population change 2021 to 2039 by broad age bands – National Park area within Chichester (linked to delivery of 125 dwellings per annum)

	2021	2039	Change in population	% change from 2021
Under 16	5,314	4,906	-408	-7.7%
16-64	17,043	16,461	-581	-3.4%
65 and over	9,402	12,888	3,486	37.1%
Total	31,759	34,255	2,496	7.9%

Source: Demographic Projections

Summary

4.53   In line with the standard method for calculating housing need as set out in the current PPG, a minimum local housing need of 763 homes per annum is identified for Chichester District. This is derived from household growth of 545 per annum taken from the 2014-based Household Projections and applying an affordability uplift of 163% based on the 2020 affordability ratio. However, as per the guidance this increase is capped to 40%.

4.54   The latest HEDNA prepared for the National Park sets out a need of 125 homes in the SDNP area of the District. As a result, 638 homes per annum are needed in the Chichester Plan Area i.e. outside of the National Park.

4.55   There are no circumstances in Chichester District relating to growth funding, strategic infrastructure improvements or affordable housing need which indicate that 'actual' housing need is higher than the standard method indicates.

4.56   Beyond the core considerations around local housing need across the District as a whole, it is also acknowledged that a proportion of the standard method derived figure will be delivered in the area of the District falling within the South Downs National Park ("SDNP").

4.57   Using the information from the published SNPP and SNHP, bespoke projections were developed that link to the Standard Method (638 dwellings per annum in the LPA and 125 in the SDNP) – the

modelling considers the level of population growth and household formation that might be expected if these levels of delivery are achieved (in the 2021-39 period).

4.58   This bespoke projection suggests that population growth might be expected to be higher than suggested in the latest official projections and that the age structure changes will proportionally include more people aged under 65. Overall, in the 2021-39 period, delivery of 638+125=763 dpa is projected to see an increase in population of 18% (21,700 more people) compared with a 9% increase (11,300) in the 2018-based SNPP. Most of the difference is accounted for by a projected uplift in the number of people aged 16-64 (and children).

5. LABOUR SUPPLY AND ECONOMIC LED HOUSING NEED

5.1 The analysis below considers the link between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change which in turn will to some extent link to levels of housing delivery. To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);

- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and

- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

5.2 A second analysis is then carried out to consider what level of housing delivery might be required to meet job growth forecasts; this essentially looks at the bullet points above in reverse order – considering what level of change in the economically active population is required to fill additional jobs and then to estimate the number of homes required for the changing workforce.

Growth in Resident Labour Supply

5.3 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

5.4 The figure and table below show the assumptions made (for Chichester district). The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Table 5.1   -   Projected changes to economic activity rates (2021 and 2039) – Chichester
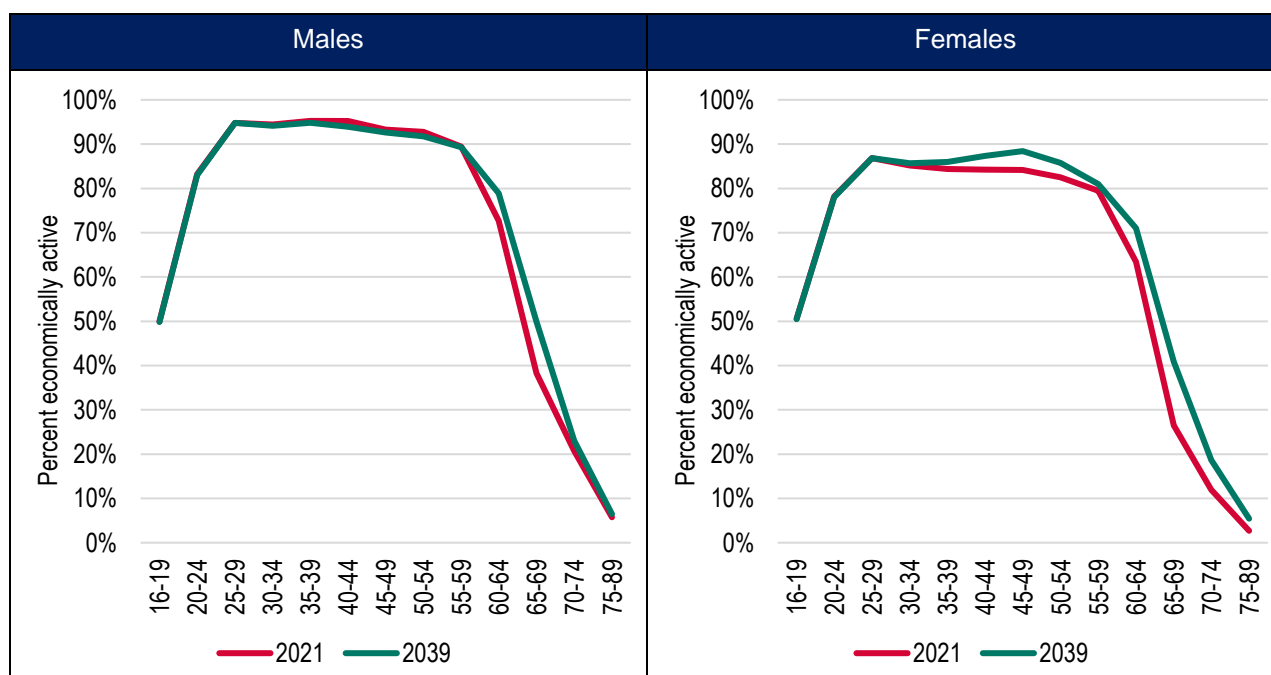
Source: Based on OBR and Census (2011) data

Table 5.2   Projected changes to economic activity rates (2021 and 2039) – Chichester

	Males			Females		
	2021	2039	Change	2021	2039	Change
16-19	50.0%	49.9%	-0.1%	50.5%	50.5%	-0.1%
20-24	83.2%	83.0%	-0.2%	78.2%	78.0%	-0.2%
25-29	94.8%	94.8%	0.0%	86.8%	86.9%	0.0%
30-34	94.4%	94.2%	-0.2%	85.2%	85.7%	0.5%
35-39	95.2%	94.8%	-0.4%	84.4%	86.0%	1.6%
40-44	95.2%	94.0%	-1.3%	84.3%	87.4%	3.1%
45-49	93.3%	92.6%	-0.7%	84.2%	88.4%	4.2%
50-54	92.8%	91.8%	-1.0%	82.5%	85.7%	3.2%
55-59	89.4%	89.3%	-0.2%	79.5%	80.9%	1.5%
60-64	72.7%	78.9%	6.2%	63.4%	71.0%	7.6%
65-69	38.3%	49.9%	11.6%	26.5%	40.9%	14.4%
70-74	20.7%	23.0%	2.3%	12.0%	18.7%	6.7%
75-89	5.8%	6.5%	0.7%	2.7%	5.4%	2.7%

Source: Based on OBR and Census (2011) data

5.5   Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the District – this is set out in the table below. The analysis shows that with delivery of 763 dwellings per annum (638 in LPA and 125 in the National Park) there would be an estimated increase in the economically active population of around 10,000 people (a 17% increase over 18-years).

Table 5.3   Estimated change to the economically active population (2021-39) – Chichester District

	Economically active (2021)	Economically active (2039)	Total change in economically active
Standard Method	60,327	70,339	10,012

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

5.6   The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

5.7   The table below shows summary data about commuting to and from Chichester from the 2011 Census. Overall, the data shows that the District sees a notable level of net in-commuting for work with the number of people resident in the area who are working being about 13% lower than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 5.4   Commuting patterns in Chichester District

	Number of people
Live and work in Local Authority (LA)	23,500
Home workers	9,007
No fixed workplace	5,077
In-commute	24,296
Out-commute	16,321
Total working in LA	61,880
Total living in LA (and working)	53,905
Commuting ratio	0.871

Source: 2011 Census

5.8   However, this scenario assumes net in-commuting which would arguably mean that other authorities (outside of Chichester) would be providing housing for people taking up additional jobs in Chichester. If past patterns are to continue then around 22% of jobs would be taken up by Arun residents.

5.9   However, the Arun Local Plan policy target is to have "A more self-contained labour market in Arun." This therefore puts greater onus on Chichester to deliver the housing required to meet its own economic growth.

5.10   We have therefore developed a scenario where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the District is equal to the number of people living in the District who are working).

5.11   This scenario is useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

Double Jobbing

5.12   The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the District that typically between about 4.8% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

Table 5.5   - Percentage of all people in employment who have a second job (2004-2020) – Chichester
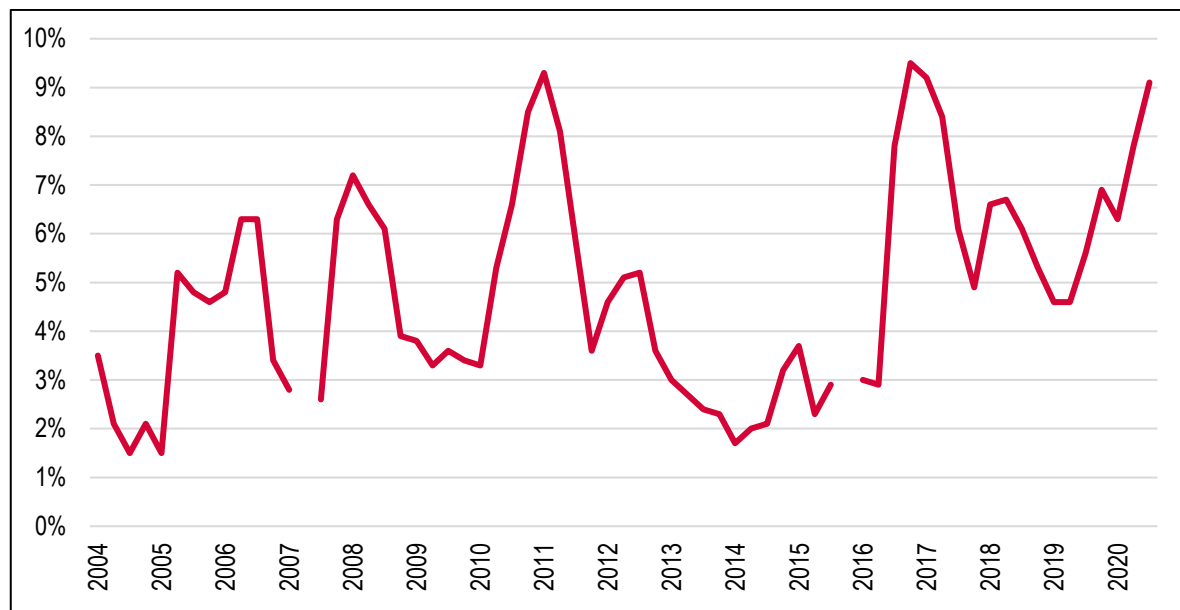
Source: Annual Population Survey (from NOMIS)

5.13   For the purposes of this assessment it has been assumed that around 4.8% of people will have more than one job moving forward. A double jobbing figure of 4.8% gives rise to a ratio of 0.952 (i.e. the number of jobs supported by the workforce will be around 4.8% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

Unemployment

5.14   The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers, particularly as the impact of the ending of the furlough scheme are unknown.

5.15   The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to October 2021 with the data below showing a trend for the previous decade.

5.16   The analysis shows a clear increase in the number of claimants (presumably as a result of the pandemic) – rising from around 1,000 to in excess of 3,000 over the most recent months for which data is available (dropping slightly in the latest period for which data is provided to about 2,500).

5.17   Given that demographic projections and economic forecasts tend to use a mid-year position, the change in unemployment based on claimant count data has been calculated by looking at averages for June/July 2019 compared with June/July 2021. In 2019, there were 1,120 claimants and two-years later the figure had risen to 2,825 – therefore there are potentially 1,705 people not working in 2021 who might be expected to return to employment in the future (taken to be over the period to 2039 for consistency with other analysis in this report).

Table 5.6   Number of out-of-work benefit claimants (2011-2021) – Chichester
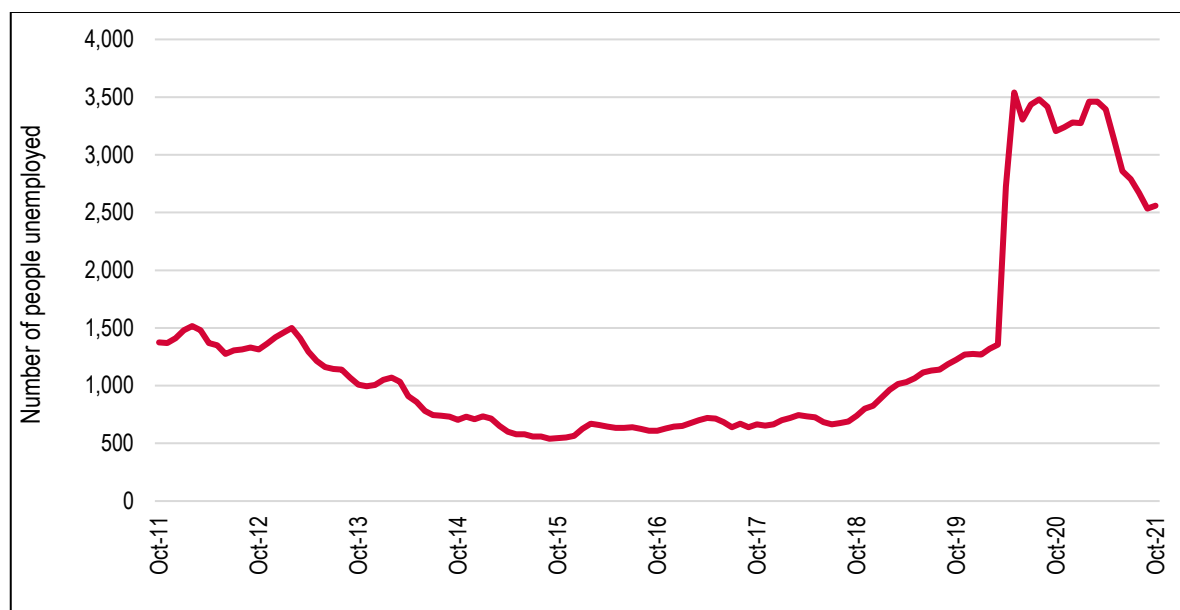
Source: NOMIS

Jobs Supported by Growth in the Resident Labour Force

5.18   The table below shows how many additional jobs might be supported by population growth under the Standard Method. Given 1:1 commuting patterns and estimates about double jobbing, the number of jobs potentially supported is 12,313.

Table 5.7   Jobs supported by delivery of the standard method housing requirement (2021-39) – Chichester District

	Total change in economically active	Plus 1,705 returning to employment	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
Standard Method	10,012	11,717	11,717	12,313

Source: Derived from a range of sources as described

Economic-led Housing Need

5.19   The analysis below considers what level of housing delivery might be required to provide alignment with future jobs (as forecast). As previously noted this methodology is identical to that set out above but completed in reverse to get to a population growth.

5.20   This level of population growth is then applied to the household formation rates developed earlier in this report to get to a household growth. A final adjustment to reflect a level of vacancy in the housing stock is applied to the household growth to get to a dwelling's growth.

5.21   Two forecasts have been accessed to look at jobs supported. These are set out in more detail in Chapter 11. In both cases the analysis links to estimates of total jobs growth in the 2021-39 period. The jobs growth assumed is:

- Baseline – 5,761 additional jobs

- Growth forecast - 9,802 additional jobs

5.22   The table below shows the estimated change in the number of economically active workers for each of the scenarios. This shows that the forecast jobs growth in Chichester requires a lesser growth in economically active residents due to the number of people with more than one job and the supply of unemployed people returning to work.

Table 5.8   Change in economically active population needed to meet job forecasts (2021-39)

	Total additional jobs	Allowance for double jobbing	Minus 1,705 returning to employment (=change in economically active)
Baseline	5,761	5,482	3,777
Growth	9,802	9,328	7,623

Source: Derived from a range of sources as described

5.23   The following table takes the growth in economically active population and translates this into household growth and dwellings need. The figures are for the whole of Chichester District (i.e. including the National Park) although the National Park housing need/delivery is fixed at 125 dwellings per annum for both scenarios.

5.24   As shown in the table the baseline growth would only require 517 dwellings per annum to support job growth, but the figure increases to 669 dwellings per annum when looking at the higher economic forecast.

Table 5.9   Projected housing need – range of job growth forecasts – Chichester District (2021-39)

	Households 2020	Households 2039	Change in households	Per annum	Dwellings (per annum)
Baseline	54,986	64,019	9,034	502	517
Growth	54,986	66,672	11,687	649	669

Source: Derived from a range of sources as described

5.25   The table below shows the same information, just for Local Plan Area. The highest housing need shown at 544 dwellings is below the Standard Method estimate of need. An additional 125 dwellings per annum can be added to these figures to reflect the district wide need.

Table 5.10   Projected housing need – range of job growth forecasts – Chichester Local Plan Area (2021-39)

	Households 2020	Households 2039	Change in households	Per annum	Dwellings (per annum)
Baseline	40,552	47,402	6,850	381	392
Growth	40,552	50,055	9,503	528	544

Source: Derived from a range of sources as described

5.26   This would suggest that there is no requirement to increase the housing need in response to local economic growth. It also suggests that the capacity of the District in housing terms would not deter economic growth.

Summary

5.27   Taking into account economic activity rates, commuting patterns and double jobbing the standard method would support in the region of 12,300 jobs in the district including an estimated 11,500 in the local plan area.

5.28   We have also examined the housing need associated with the baseline economic forecasts and the growth forecast. These show a need for 517 dpa and 669 dpa for the district respectively and 392 dpa and 544 dpa for the plan area.

5.29   This would suggest that there is no requirement to increase the housing need in response to local economic growth. It also suggests that the capacity of the District in housing terms would not deter economic growth.

6.   AFFORDABLE HOUSING NEED

6.1   This section provides an assessment of the need for affordable housing in Chichester and five sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.

6.2   The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products.

6.3   The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

6.4   The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks at need for *'affordable housing for rent'* as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:

- **Current affordable housing need**: an estimate of the number of households who have a need now, at the point of the assessment, based on a range of data modelled from local information – this figure is then annualised so as to meet the current need over a period of time;

- **Projected newly forming households in need**: using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;

- **Existing households falling into need**: based on studying past trends in the types of households who have accessed social/affordable rented housing; and

- **Supply of affordable housing**: an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

6.5   The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable

housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

6.6   This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

6.7   The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home and require support to do so. The PPG includes households that "*cannot afford their own homes, either to rent, or to own, where that is their aspiration*" as having an affordable housing need.

6.8   National Government has introduced this widened definition to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

6.9   For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey).

6.10   Additionally, information drawn from local surveys previously undertaken by Justin Gardner Consulting across the country have been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector.

6.11   This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted through a range of Local Plan Examinations over the past five or more years. Our analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

6.12   Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

6.13   An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need.' For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

6.14   The analysis below considers the entry-level costs of housing to both buy and rent across the District. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

6.15   Data from the Land Registry for the year to March 2021 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £165,000 for a second-hand flat and rising to £465,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £305,000 (existing dwellings).

6.16   The analysis is also split between newly-built and existing dwelling which typically shows higher prices for new homes (particularly when considering the overall lower quartile figures). For the purposes of analysis in this section, the main focus is on the pricing of existing homes within the area.

Table 6.1   Lower quartile cost of housing to buy – year to March 2021 – Chichester

	Existing dwellings	Newly-built dwellings	All dwellings
Flat/maisonette	£165,000	£245,000	£166,000
Terraced	£274,000	£302,000	£275,000
Semi-detached	£310,000	£298,000	£310,000
Detached	£465,000	£410,000	£455,000
All dwellings	£305,000	£328,000	£306,000

Source: Land Registry

6.17   It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for

sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £170,000 for a 1-bedroom home, rising to £500,000 for homes with 4-bedrooms.

Table 6.2   Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2021 – Chichester

	Lower quartile price
1-bedroom	£170,000
2-bedrooms	£245,000
3-bedrooms	£350,000
4-bedrooms	£500,000
All Dwellings	£305,000

Source: Land Registry and Internet Price Search

6.18   A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2021. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £750 per month.

Table 6.3   Lower Quartile Market Rents, year to March 2021 - Chichester

	Lower Quartile rent, pcm
Room only	£390
Studio	£550
1-bedroom	£650
2-bedrooms	£825
3-bedrooms	£975
4-bedrooms	£1,360
All properties	£775

Source: ONS

6.19   The rental figures above have been taken from ONS data; it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in the Plan Area North. The lowest prices and rents were found to be in Chichester City.

Table 6.4   Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Chichester City	£270,000	£715
EW Corridor	£298,000	£780
Manhood	£296,000	£740
Plan Area North	£454,000	£1,070
SDNP	£347,000	£870
All properties	£305,000	£775

Source: Internet private rental cost search and Land Registry

Household Incomes

6.20 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

6.21 Drawing all of this data together an income distribution for the whole District has been constructed for 2021. The figure below shows that approaching a quarter of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £48,500, with a median income of £36,700; the lower quartile income of all households is estimated to be £21,300.

Table 6.5   - Distribution of household income (2021) – Chichester
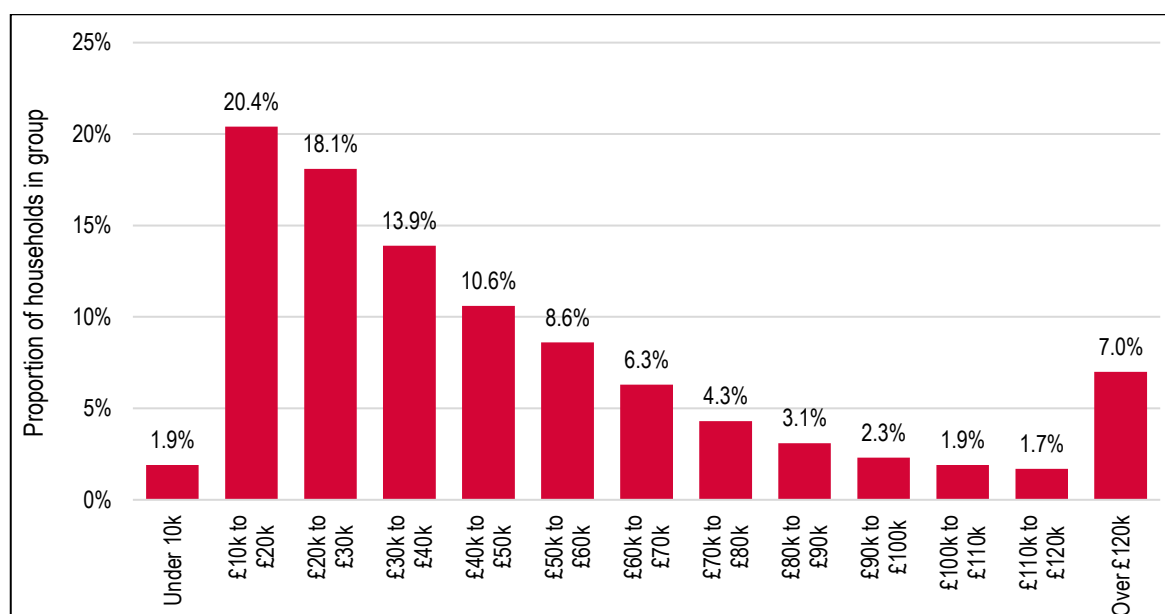
Source: Derived from a range of data as discussed

6.22   Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below
         showing the estimated median household income in each area, the table also shows the variance in
         incomes from the District average. There is some variation in the estimated incomes by area, median
         figures ranging from £32,400 in the Manhood Peninsula, up to £45,300 in Plan Area North.

Table 6.6   Estimated average (median) household income by sub-area (mid-2021 estimate)

	Median income	As a % of District average
Chichester City	£35,500	97%
EW Corridor	£40,200	110%
Manhood	£32,400	88%
Plan Area North	£45,300	123%
SDNP	£37,900	103%
All households	£36,700	-

Source: Derived from a range of data as discussed

Affordability Thresholds

6.23   To assess affordability two different measures are used; firstly to consider what income levels are
         likely to be needed to access private rented housing (this establishes those households in need of
         social/affordable rented housing) and secondly to consider what income level is needed to access
         owner occupation (this, along with the first test helps to identify households in the 'gap' between
         renting and buying). This analysis therefore brings together the data on household incomes with the
         estimated incomes required to access private sector housing. Additionally, different affordability tests
         are applied to different parts of the analysis depending on the group being studied (e.g. recognising
         that newly forming households are likely on average to have lower incomes than existing
         households).

6.24   To assess affordability two different measures are used; firstly to consider what income levels are
         likely to be needed to access private rented housing (this establishes those households in need of
         social/affordable rented housing) and secondly to consider what income level is needed to access
         owner occupation (this, along with the first test helps to identify households in the 'gap' between
         renting and buying). This analysis therefore brings together the data on household incomes with the
         estimated incomes required to access private sector housing. Additionally, different affordability tests
         are applied to different parts of the analysis depending on the group being studied (e.g. recognising
         that newly forming households are likely on average to have lower incomes than existing
         households).

6.25   A household is considered able to afford market rented housing in cases where the rent payable
         would constitute no more than a particular percentage of gross income. The choice of an appropriate
         threshold is an important aspect of the analysis – the PPG does not provide any guidance on this

issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.

6.26   At £775 per calendar month, lower quartile rent levels in Chichester are typically above average in comparison to those seen nationally (a lower quartile rent of £565 for England in the year to March 2021). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £775 pcm rent this would imply a gross household income of about £31,000 (and in net terms the rent would likely be around 37% of income).

6.27   In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.

6.28   Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.

6.29   For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case-by-case basis.

6.30   The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable 'gap' in all areas across the study area, particularly locations with higher house prices. The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 6.7   Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
Chichester City	£54,000	£28,600	£25,400
EW Corridor	£59,600	£31,200	£28,400
Manhood	£59,200	£29,600	£29,600
Plan Area North	£90,800	£42,800	£48,000
SDNP	£69,400	£34,800	£34,600
District-wide	£61,000	£31,000	£30,000

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

6.31   The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the District and sub-areas. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

6.32   In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 6.8   **Main sources for assessing the current need for affordable housing**

	Source	Notes
Homeless households (those in temporary accommodation	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

6.33   It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

6.34   The table below shows the initial estimate of the number of households within each sub-area with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of

households in unsuitable housing.' Overall, the analysis estimates that there are currently some 3,300 households living in unsuitable housing (or without housing).

Table 6.9   Estimated Number of Households Living in Unsuitable Housing

	Homeless/ concealed households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Chichester City	105	581	63	329	1,078
EW Corridor	103	240	25	214	582
Manhood	155	299	24	259	736
Plan Area North	32	50	7	63	151
SDNP	90	277	49	339	755
TOTAL	485	1,446	167.7216	1,204	3,302

Source: MHCLG Live Tables, Census 2011 and Data Modelling

6.35   In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

6.36   A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households (only really an issue in Chichester) – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

6.37   The tables below show it is estimated that there are around 1,800 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) in Chichester.

Table 6.10   Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Chichester)

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	734	73
Affordable housing	789	0
Private rented	1,294	1,238
No housing (homeless/concealed)	485	485
Total	3,302	1,797

Source: MHCLG Live Tables, Census 2011 and Data Modelling

6.38   Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.

6.39   These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).

6.40   The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).

6.41   Overall, just over half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 1,037 households across the District. The table below shows how this is estimated to vary by sub-area.

Table 6.11 Estimated Current Affordable Housing Need (for social/affordable rented housing)

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Chichester City	574	51.9%	298
EW Corridor	307	55.6%	171
Manhood	416	64.1%	267
Plan Area North	76	66.9%	51
SDNP	423	59.1%	250
TOTAL	1,797	57.7%	1,037

Source: CLG Live Tables, Census 2011 and Data Modelling

6.42   The estimated figures shown above represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2021 to 2039, the need is annualised by dividing by 18 (to give an annual need for 58 dwellings across all areas). This does not mean that some households would be expected to wait 18-years for housing as the need

is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

6.43   The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

6.44   The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

6.45   The number of newly forming households has been estimated through demographic modelling (linked to the 2018-based SNPP and 2014-based HRRs). This is considered to provide the best view about trend-based household formation in Chichester.

6.46   In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

6.47   The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.

6.48   The assessment suggests overall that around half of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 380 newly forming households will have a need per annum on average across the study area – the table below provides a breakdown by sub-area.

Table 6.12 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Chichester City	195	47.8%	93
EW Corridor	154	46.1%	71
Manhood	153	54.5%	83
Plan Area North	54	56.1%	30
SDNP	187	54.6%	102
TOTAL	742	51.1%	380

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

6.49   The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.

6.50   This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants).'*

6.51   The analysis is also mindful of the high level of new provision of affordable housing seen over the past few years, which has seen the number of households on the Housing Register decline; the reduction in the register is considered alongside the number of households housed and following the analysis through suggests a need arising from 66 existing households each year across the District. The table below breaks this down by sub-area.

Table 6.13   Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Chichester City	24	36.5%
EW Corridor	10	14.6%
Manhood	10	14.4%
Plan Area North	3	4.3%
SDNP	20	30.1%
TOTAL	66	100.0%

Source: Derived from a range of sources as described in text

Supply of Social/Affordable Rented Housing Through Relets

6.52   The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

6.53   The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

6.54   On the basis of past trend data it is estimated that 226 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming households and existing households falling into need from other tenures. In interpreting this data, the high level of new delivery over this period should be noted, in particular it is possible that the new delivery helps to see relet rates increase slightly in the future and this is something the Council should monitor.

Table 6.14   Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – 2019/20 (average per annum) – Chichester

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2017/18	362	84.3%	305	66.6%	203
2018/19	476	81.7%	389	63.0%	245
2019/20	457	81.8%	374	61.5%	230
Average	432	82.5%	356	63.5%	226

Source: CoRe/LAHS

6.55   The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2011 (Census data).

Table 6.15   Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
Chichester City	84	37.3%
EW Corridor	34	15.2%
Manhood	32	14.1%
Plan Area North	9	4.2%
SDNP	66	29.3%
Total	226	100.0%

Source: CoRe/LAHS/Census (2011)

6.56   The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable rented Housing

6.57   The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 278 dwellings per annum across the area – an affordable need is seen in all sub-areas. The net need is calculated as follows:

Net Need = Current Need (allowance for) + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 6.16   Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming house-holds	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Chichester City	17	93	24	134	84	50
EW Corridor	9	71	10	90	34	56
Manhood	15	83	10	108	32	76
Plan Area North	3	30	3	36	9	27
SDNP	14	102	20	136	66	70
Total	58	380	66	504	226	278

Source: Range of sources as discussed

6.58   Whilst the need above is provided down to sub-area level, it should be remembered that affordable need can be met across the District as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

6.59   The last assessment of affordable need was undertaken as part of a 2019 HEDNA update and followed a broadly similar methodology. At that time the annual need was calculated to be 348 per annum, higher than in this study. However, it should be noted that the previous assessment did not reflect a reduction in the Housing Register which has an impact on estimates of existing households falling into need and so it is difficult to definitively say if there has been any real change in the situation over time. Indeed, the estimates of need from newly forming households (calculated using the same methodology) are virtually identical in the two studies (380 per annum in this study and 383 per annum in 2019). Regardless, the levels of need are clear that the Council should seek to maximise the delivery of affordable housing where opportunities arise.

The Relationship Between Affordable Need and Overall Housing Need

6.60   The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

> *'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes'*

6.61   However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

6.62   Firstly, the modelling contains a category in the projection of *'existing households falling into need;'* these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains *'newly forming households;'* these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

6.63   This just leaves the *'current need'*; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are

not included in the demographic modelling and so are arguably an additional need, although uplifts to trend-based demographic projections for market signals/affordability would be expected to deal with such households.

6.64   The analysis estimates an annual need for 278 rented affordable homes, which is notionally 36% of provision of 763 dwellings per annum (the Standard Method housing need). However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).

6.65   It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 176 homes per annum across the study area – notionally 23% of 763 dwelling per annum. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

6.66   The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 22 per annum (current need) is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a demographic start point to an estimate of housing need/delivery.

Table 6.17 Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Chichester District

	Excluding existing households	Including existing households
Current need	22	58
Newly forming households	380	380
Existing households falling into need	0	66
Total Gross Need	402	504
Re-let Supply	226	226
Net Need	176	278

Source: Range of sources as discussed

6.67   Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their

circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

6.68   The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the increasing role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.

6.69   Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

6.70   It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose <u>needs are not met by the market</u>'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.

6.71   Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of August 2021, it is estimated that there were around 2,700 benefit claimants in the private rented sector in Chichester. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

6.72   The figure below shows the trend in the number of claimants in the District. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic.

However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 2,000 households).

Table 6.18   Number of Housing Benefit claimants in the private rented sector – Chichester
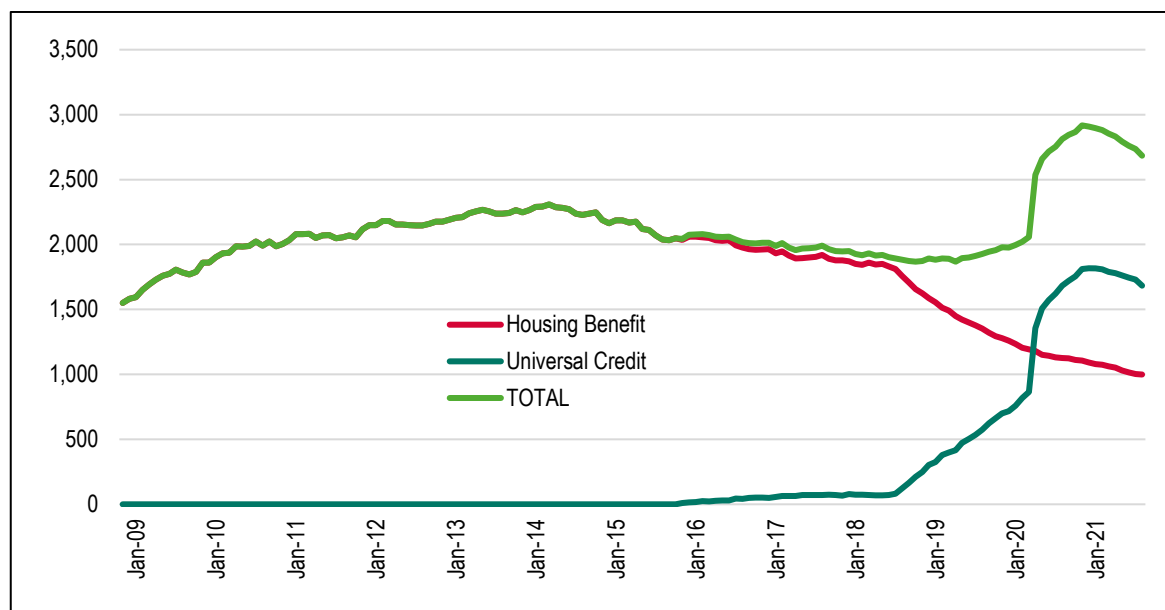
Source: Department of Work and Pensions

6.73   Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

6.74   Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

6.75   Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the District. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

6.76   Finally, whilst there is no direct link between the affordable need and overall housing need, it is the case that the levels of affordable need across areas can feed into considerations about the distribution of housing for different areas, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

6.77   The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

6.78   An analysis has been undertaken to compare the income distribution of households with the cost of different products. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are less than both lower quartile and median market rents, although typically more than 80% of lower quartile figures.

Table 6.19   Comparison of rent levels for different products – Chichester (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£395	£562	£650	£710	86%	79%
2-bedrooms	£454	£681	£825	£895	82%	76%
3-bedrooms	£516	£809	£975	£1,100	83%	74%
4-bedrooms	£575	£978	£1,360	£1,595	72%	61%
All	£463	£708	£775	£900	91%	79%

Source: RSH and ONS

6.79   For the affordability test, a standardised average rent for each product has been used. The table below suggests that around 19% of households who cannot afford to rent privately could afford an affordable rent, with a further 40% being able to afford a social rent (but not an affordable one). A total of 40% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 6.20   Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	19%
Afford social rent	40%
Need benefit support	40%
All unable to afford market	100%

Source: Affordability analysis

6.80   The finding that only 19% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. Conversely, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

6.81   There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

6.82   On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required across the District.

Establishing a Need for Affordable Home Ownership

6.83   The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home.'* However, at the time of writing, there is no guidance about how the number of such households should be measured.

6.84   The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap'

between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

6.85   The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

6.86   The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.

6.87   Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 20% already have sufficient income to buy a lower quartile home, with 31% falling in the rent/buy 'gap'. The final 49% are estimated to have an income below that needed to afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing as demonstrated by the fact that these household are already in that sector. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

6.88   The table below shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products by sub-area. This shows similar proportions of households in the rent/buy gap in all areas but with differences in estimates of the proportions who can afford to buy or rent and who cannot afford to buy or rent.

Table 6.21   Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Chichester City	24%	31%	46%
EW Corridor	25%	31%	44%
Manhood	17%	31%	52%
Plan Area North	14%	32%	54%
SDNP	17%	31%	52%
TOTAL	20%	31%	49%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

6.89   The finding that a proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

6.90   To study current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 7,400 households living in the sector across the study area. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to Chichester then the number of households in the sector would now be around 8,800.

6.91   Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (5,300 households if applied to Chichester) and of these some 40% (2,100 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

6.92   As noted above, on the basis of income it is estimated that around a third of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 655 affordable home ownership units (36 per annum if annualised over an 18-year period).

6.93   In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households)

suggests an annual need from these two groups of around 280 dwellings (225 from newly forming households and 55 from existing households in the private rented sector).

6.94   Bringing together the above analysis suggests that there is a need for around 316 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the study area. This is before any assessment of the potential supply of housing is considered.

Table 6.22   Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Chichester City	12	59	18	89
EW Corridor	7	48	10	64
Manhood	7	46	10	63
Plan Area North	1	17	2	20
SDNP	10	55	15	80
TOTAL	36	225	55	316

Source: Range of sources as discussed

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

6.95   As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.

6.96   The main source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows an average of around 15 resales per annum across the study area (based on data for the 2016-19 period). These properties would be available for these households and can be included as the potential supply.

6.97   The table below therefore shows an estimate of the net need for affordable home ownership. This suggests a need for around 301 dwellings per annum, with a need being shown in all areas.

Table 6.23   Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	LCHO supply	Net need
Chichester City	89	5	84
EW Corridor	64	3	61
Manhood	63	3	60
Plan Area North	20	1	19
SDNP	80	4	76
TOTAL	316	15	301

Source: Range of sources as discussed

An Alternative View of the Supply of Affordable Home Ownership Properties

6.98   The analysis above has looked at the supply of resales of affordable housing. However, it should be noted that the analysis to consider need looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Chichester there were a total of 1,761 resales (i.e. excluding newly-built homes) in the last year (year to March 2021) and therefore around 440 would be priced below the lower quartile. This is 440 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in excess of the level of need calculated. The table below shows the estimated number of sales and the number at or below a lower quartile price for each sub-area.

Table 6.24   Number of sales of existing dwellings (year to March 2021) and number at or below lower quartile

	Number of sales	Sales at or below LQ
Chichester City	392	98
EW Corridor	293	73
Manhood	520	130
Plan Area North	131	33
SDNP	424	106
TOTAL	1,761	440

Source: Land Registry

6.99   If a further supply of dwellings below lower quartile were taken from the estimated need then it would be suggested that there is actually a surplus of affordable home ownership properties (of around 134 per annum). This figure should be treated as theoretical, not least because it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). However, it is clear that looking at a wider definition of supply does make it difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

Implications of the Analysis

6.100   Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of affordable housing (notably shared ownership). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.

6.101   Regardless, it does seem that there are many households in Chichester who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 45% from 2001 to 2011

(with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 7%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

6.102   On this basis, and as previously noted, it seems likely in Chichester that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).

6.103   The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

6.104   Firstly regarding the 10%, it is not clear that this is the best solution in the study area. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. In Chichester, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

6.105   Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.

6.106   Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.

6.107   The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such

housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

6.108   There will also be a role for Affordable Home Ownership on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

6.109   In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

6.110   The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Council is likely to need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).

6.111   The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.

6.112   The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (focussing on First Homes)

6.113   In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

a) must be discounted by a minimum of 30% against the market value;

b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);

c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,

d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

6.114   In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

6.115   As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Chichester is £825 per month;

- On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £2,750 per month to afford (£825/0.30) or £33,000 per annum; and

- With an income of £33,000, it is estimated that a household could afford to buy a home for around £165,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four and a half times mortgage multiple – calculated as £33,000*4.5/0.9.

6.116   Therefore, £165,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Chichester. This figure is essentially the

equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

6.117   On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £245,000, giving a midpoint of £205,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

6.118   The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated Open Market Value and the level of discount likely to be required to achieve affordability. The OMV is based on taking the estimated lower quartile price by size and adding 15% (which is the typically newbuild premium seen nationally). It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £300,000 (rather than the modelled £281,750) then the discount would be in the range of 32% and 45%.

6.119   On the basis of the specific assumptions used, the analysis points to a discount of up to 40% for 2-bedroom homes and a figure of up to 50% for larger (3+-bedroom) properties. Given there is a cap of £250,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 3+-bedroom homes to be provided as First Homes. Given that a single discount figure is likely to needed for plan making purposes it is suggested that a 40% discount is reasonable, with the expectation that most First Homes will be 2-bedroom.

6.120   It will however be important for the local authority to ensure that any discount above 30% does not prejudice the viability of provision of rented forms of affordable housing (for which there is a more acute need).

Table 6.25   Affordable home ownership prices – data for year to March 2021 – Chichester District

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£130,000-£150,000	£195,500	23%-34%
2-bedrooms	£165,000-£205,000	£281,750	27%-41%
3-bedrooms	£195,000-£272,500	£402,500	32%-52%
4+-bedrooms	£272,000-£386,000	£575,000	33%-53%

Source: Derived from a range of sources as described

6.121   It should also be noted that the analysis above is for the whole of the local authority area; the pricing of housing does vary across the District and therefore adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the authority (where opportunities arise) and so using an expectation of an authority-wide affordability calculation should ensure affordable products on sites regardless of location.

Focus on First Homes

6.122   The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decisions to be made by the Council that this report can only comment on.

Is there a justification for a discount of greater than 30%, if so, what should it be, and should the discount be variable depending upon property size?

6.123   Arguably there is a case to seek a discount in excess of 30% - a higher discount will certainly make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may well have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market).

6.124   The Council could therefore investigate higher discounts, but it is not recommended to seek figures higher than 30%, unless this can be proven to not impact on viability and thus overall affordable delivery.

6.125   Regarding property size, the analysis does suggest that larger homes could potentially need a higher discount to make them affordable (with 3-bedroom homes needing about a 38% discount to get below the £250,000 cap). However, it is not clear from the PPG if different discounts are allowable in policy. If they are, then the Council could consider a 30% discount for homes with 1-bedrooms and potentially 40% for 2-bedroom homes. Again, having a larger discount will need to be considered alongside viability issues and the potential impact on delivery of other forms of affordable housing.

Is the maximum price of £250K after discount an appropriate maximum sales value?

6.126   In Chichester the answer to this is certainly, yes. Chichester is a high price area and there is little scope for this price cap to be lowered (it cannot be increased). As can be seen from previous analysis, a 30% price discount on a 2-bedroom home (with 2-bedroom homes expected to make up a large proportion of First Homes) would still lead to an estimated purchase price of around £200,000 whilst for 3-bedroom homes the purchase price would be estimated to be around £280,000(a figure in excess of the cap).

Is the national threshold of £80,000 for household income appropriate?

6.127   Given the conclusions regarding the price cap, and the fact that there is likely to be a link between prices and incomes (in terms of guidance) it seems reasonable that the upper end threshold is maintained. However, the analysis in this report assumes a household could secure a 4.5 times mortgage multiple (and a 10% deposit). Applying these figures to a £250,000 home would actually lead to an income of £50,000, however it is likely that many households with a higher income are currently unable to afford to buy a home and therefore the higher figure is reasonable. Additionally, it is unclear at this stage what size of multiple lenders might offer against a First Home.

What size of property is appropriate to be seen as a First Home?

6.128   The analysis is fairly clear that it is going to be difficult to secure First Homes larger than 2-bedrooms and remain within the £250,000 cap. Given that previous analysis has suggested that much of the need/demand for affordable home ownership is 2-bedroom homes (and some 1-bedroom) it is appropriate for the provision of First homes to focus on smaller homes, and particularly those with 2-bedrooms.

What is the level of need for such products?

6.129   In some ways, this is a difficult question to answer. The analysis is clear that there are likely to be a significant number of households whose incomes sit in the range of being able to afford to privately rent, but not being able to buy a home. It can be concluded that as long as First Homes are made available for an affordable price, it is likely there will be a strong demand (although some households in the rent/buy gap may not choose a discounted product given that the discount is held in perpetuity).

6.130   That said, it is not recommended that the Council seeks more than 25% of affordable housing as First Homes. This is because delivery of more First Homes would reduce the number of other types of affordable housing (such as social/affordable rented and shared ownership). Other forms of affordable housing are likely to be available to more households (due to lower income requirements) and are also likely to be needed by households with greater needs (i.e. those who have fewer choices in the housing market).

Shared Ownership

6.131   Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.

6.132   For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

6.133   Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:

- OMV at LQ price plus 15% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;

- 10% deposit on the equity share;

- Rent at 2.75% pa on unsold equity;

- Repayment mortgage over 25-years at 4%;

- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and

- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property;

6.134   The table below shows that to make shared ownership affordable, equity shares in the region of no more than about 20% could work, although figures closer to 10% are likely to be more affordable. It seems likely that it will be difficult to make shared ownership 'work' for homes with 4+-bedrooms (and indeed 3-bedroom homes). The Council could consider additional rented homes of these sizes where it is difficult to make homes genuinely affordable.

6.135   As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 6.26   Estimated Affordable Equity Share by Size – Chichester

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£195,500	£281,750	£402,500	£575,000
Share	21%	11%	5%	3%
Equity Bought	£41,446	£32,120	£21,333	£17,250
Mortgage Needed	£37,301	£28,908	£19,199	£15,525
Monthly Cost of Mortgage	£197	£153	£101	£82
Retained Equity	£154,054	£249,631	£381,168	£557,750
Monthly Rent on Retained Equity	£353	£572	£874	£1,278
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£650	£825	£975	£1,360

Source: Data based on Housing Market Cost Analysis

6.136   In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 21% equity share for 1-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 21% share, but a total cost in excess of £650 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

6.137   A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

6.138   At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

6.139   In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared

ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Essential Local Workers

6.140   Annex 2 of the NPPF also includes the needs of essential local workers *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is* <u>*for essential local workers'*</u> [emphasis added]. Essential local workers are defined as *'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.'*

6.141   To give an indication of the number of essential workers in Chichester analysis has been undertaken looking at Standard Industrial Classification 2007 (SIC) categories – this shows employment sectors based on industry, and for the purposes of this analysis the public administration, education and health industries have been used to represent 'essential workers'. The analysis shows that around 30% of resident workers are considered 'essential workers' in the District – this figure is slightly higher than seen regionally and nationally (both 28%).

Table 6.27   Number and proportion of essential workers in a range of areas

	Chichester District		South East	England
	Resident workers	% of workers	% of workers	% of workers
Agriculture, energy and water	1,637	3.0%	2.1%	2.3%
Manufacturing	3,884	7.2%	7.2%	8.9%
Construction	4,232	7.9%	8.0%	7.7%
Distribution, hotels and restaurants	11,635	21.6%	20.6%	21.5%
Transport and communication	3,912	7.3%	10.7%	9.1%
Financial, Real Estate, Professional & Administration	9,455	17.5%	18.6%	17.5%
Public administration, education and health	15,943	29.6%	27.7%	28.2%
Other	3,207	5.9%	5.1%	5.0%
All industries	53,905	100.0%	100.0%	100.0%

Source: 2011 Census

6.142   The table below shows how the number of essential workers varies across sub-areas. There are some notable difference across areas, with 36% of workers living in the East-West Corridor falling under the public administration, education and health category, compared with just 23% in the Plan Area North.

Table 6.28   Number and proportion of essential workers – sub-areas

	Resident essential workers	% of workers in area	% of resident workers
Chichester City	4,301	33.8%	27.0%
EW Corridor	3,852	35.9%	24.2%
Manhood	3,299	28.5%	20.7%
Plan Area North	928	22.5%	5.8%
SDNP	3,563	24.1%	22.3%
TOTAL	15,943	29.6%	100.0%

Source: 2011 Census

6.143   The 2011 Census also enables analysis to be conducted as to the tenure of workers by industry. It can be seen that essential workers see a fairly average profile, with similar levels of owner-occupation, social renting and private renting as is seen across the whole District.

Table 6.29   Housing tenure by industry of employment (2011) – Chichester District

	Owner-occupied	Social rented	Private rented
Agriculture, energy and water	56%	10%	33%
Manufacturing	68%	12%	20%
Construction	70%	14%	16%
Distribution, hotels and restaurants	56%	17%	27%
Transport and communication	72%	10%	18%
Financial, Real Estate, Professional and Administration	74%	8%	17%
Public administration, education and health	67%	12%	21%
Other	59%	11%	30%
All industries	66%	12%	22%

Source: 2011 Census

6.144   It is also possible to consider the affordability of housing for essential workers by considering local salaries. An online assessment of local jobs (across West Sussex) for nurses, firefighters, teachers, police officers and childcare was undertaken in November 2021. This showed a range of salaries, but typically in the range of about £25,000 to £35,000 per annum. The average salary was around £30,000 although it does need to be noted that there are a variety of roles with a range of salaries in these professions depending on level of expertise and experience.

6.145   With a salary of £30,000, an individual might be able to buy a home for around £150,000 (based on a 10% deposit and 4.5 times mortgage multiple) and with two salaries at this level would be able to afford around £300,000. This latter figure would allow the household to afford to buy a home across much of the study area, but the single income would make home ownership difficult (particularly in higher value locations), and this population could be a potential target for affordable home ownership products.

6.146   Overall, the analysis does not point towards there being a particular and specific need for affordable housing for essential workers. Such workers make up a similar part of the workforce as is the case in many areas they are about as likely to be owner-occupiers as other industry groups. However, on the basis of local incomes (notably for single income essential workers), access to the owner-occupied sector may be restricted by income and it may be appropriate to consider whether or not some affordable properties should be set aside for essential local workers.

Summary

6.147   Analysis has been undertaken to estimate the need for affordable housing in the 2021-39 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO)

– this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.

6.148   The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership).

6.149   When looking at rented needs, the analysis suggests a need for 278 affordable homes per annum across the whole study area, with a need shown for all individual sub-areas; the Council is therefore justified in seeking to secure additional affordable housing.

Table 6.30   Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming house- holds	Existing house- holds falling into need	Total Gross Need	Relet Supply	Net Need
Chichester City	17	93	24	134	84	50
EW Corridor	9	71	10	90	34	56
Manhood	15	83	10	108	32	76
Plan Area North	3	30	3	36	9	27
SDNP	14	102	20	136	66	70
All properties	58	380	66	504	226	278

Source: Derived from a range of sources as set out below

6.150   Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). Additionally, most of the affordable need is already part of the demographic projections and so any additional provision would arguably be double counting. That said, the level of affordable need across areas can form part of the consideration of the distribution of housing for different location, along with an understanding of demographic trends and economic growth.

6.151   The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.

6.152   When looking at the need for AHO products, the analysis also suggests a need across the study area (for 301 per annum). In interpreting this figure, it should however be noted that there could be a significant additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.

6.153   Analysis does suggest that there are many households in Chichester who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

6.154   The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

6.155   In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

6.156   Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

7.   HOUSING MIX

7.1   This section considers the appropriate mix of housing across Chichester, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

7.2   The number of families in Chichester (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 11,800 as of the 2011 Census, accounting for 24% of households; this proportion is lower than the regional (29%) and national average (29%).

Table 7.1   Households with dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households *	All other households No Children	Total	Total with dependent children
Chichester District	No.	7,242	1,457	2,293	835	38,021	49,848	11,827
	%	14.5%	2.9%	4.6%	1.7%	76.3%	100.0%	23.7%
West Sussex	%	15.9%	3.5%	5.4%	2.0%	73.1%	100.0%	26.9%
South East	%	17.1%	3.9%	6.1%	2.3%	70.6%	100.0%	29.4%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

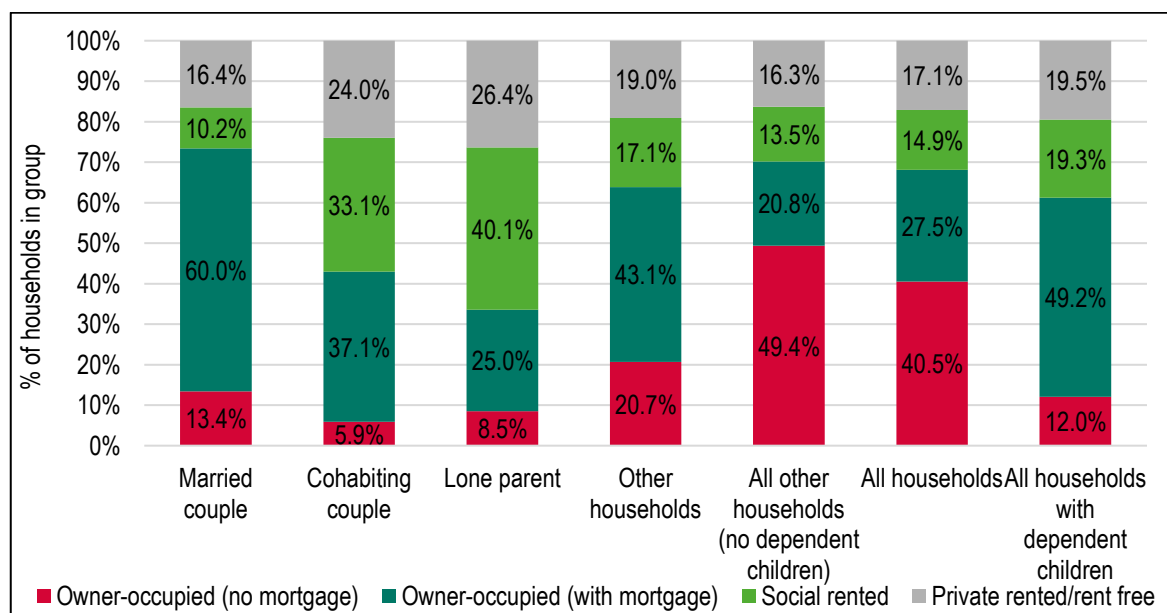*Source: Census (2011) * Other households are households which include unrelated adults sharing*

7.3   The table below shows the same information for each sub-area. The analysis shows relatively few family households in Chichester (21%) and 31% of households in Plan Area North; this area also sees a higher proportion of married couple households with children than other locations.

Table 7.2   Households with dependent children (2011) – sub-areas

	Married couple	Cohabiting couple	Lone parent	Other households	All other households No Children	Total	Total with dependent children
Chichester City	11.0%	3.1%	5.2%	1.7%	79.1%	100.0%	20.9%
EW Corridor	17.1%	3.4%	4.7%	1.8%	72.9%	100.0%	27.1%
Manhood	12.1%	2.7%	4.5%	2.0%	78.7%	100.0%	21.3%
Plan Area North	22.6%	2.6%	3.8%	1.7%	69.3%	100.0%	30.7%
SDNP	16.1%	2.7%	4.3%	1.3%	75.5%	100.0%	24.5%
TOTAL	14.5%	2.9%	4.6%	1.7%	76.3%	100.0%	23.7%

Source: Census (2011) * Other households are households which include unrelated adults sharing

7.4   The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Chichester, only 34% of lone parent households are owner-occupiers compared with 73% of married couples with children.

Table 7.3   Tenure of households with dependent children (2011) – Chichester District

Source: Census (2011)

7.5   The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3-bedroom housing with varying degrees of 2-and 4+-bedroom properties depending on the household composition. The data

also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.

Table 7.4   Number of Bedrooms by Family Household Type, 2011 – Chichester District
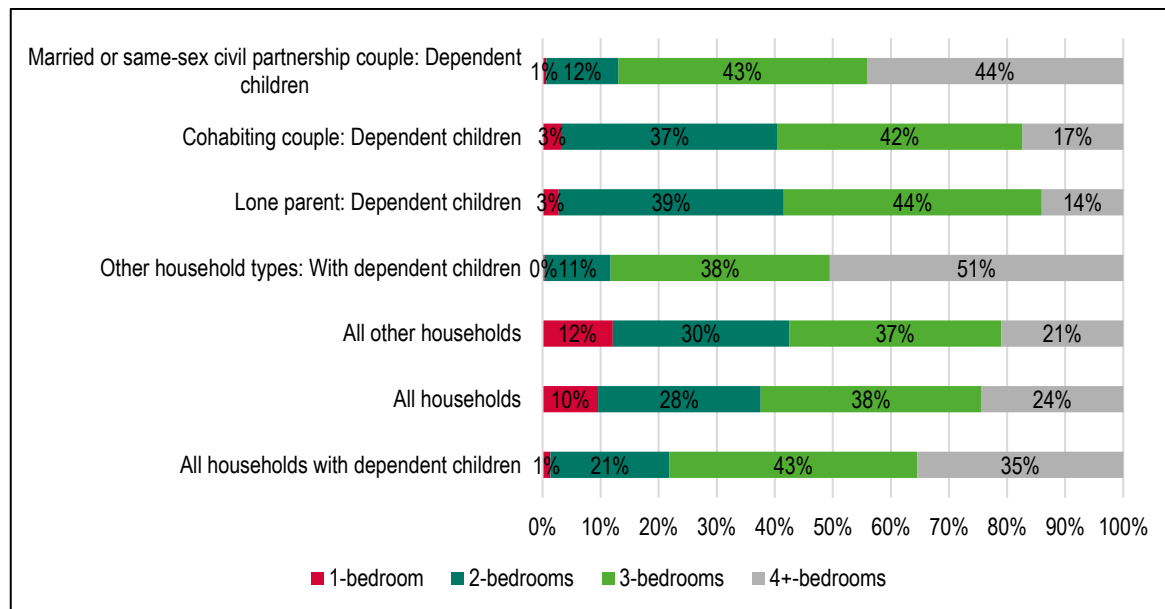
Source: Census (2011)

The Mix of Housing

7.6   A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated though the standard method, it is possible to see which age groups are expected to change in number, and by how much.

7.7   On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period to 2039 (from 2021).

7.8   An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock that is dominated by 3+-bedroom homes (making up 74% of the total in this tenure group, a higher proportion than seen nationally but similar to the regional position). The profile of the social rented sector is broadly similar across areas (slightly fewer 1- and 3-bedroom homes and more with 2-bedrooms) as is the private rented sector (although again there are a relatively low number of 1-bedroom homes and a higher proportion with 3-bedrooms). Observations about the current mix feed into conclusions about future mix later in this section.

Table 7.5   Number of Bedrooms by Tenure, 2011

|		**Chichester** District	West Sussex	South East	England
Owner-occupied	1-bedroom	4%	5%	5%	4%
	2-bedrooms	23%	25%	22%	23%
	3-bedrooms	42%	43%	44%	48%
	4+-bedrooms	32%	26%	30%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	27%	32%	32%	31%
	2-bedrooms	42%	33%	33%	34%
	3-bedrooms	28%	31%	31%	31%
	4+-bedrooms	3%	3%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	17%	28%	24%	23%
	2-bedrooms	37%	37%	37%	39%
	3-bedrooms	32%	26%	27%	28%
	4+-bedrooms	13%	9%	12%	10%
	Total	100%	100%	100%	100%

Source: Census (2011)

Overview of Methodology

7.9   The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

7.10   Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

7.11   The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

7.12   That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

7.13   The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

7.14   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

7.15   The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Chichester and the South East. In the owner-occupied (OO) sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector (PRS). After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some small differences between Chichester and the region, although average dwelling sizes by age of HRP are similar in both areas.

Table 7.6   Average Bedrooms by Age and Tenure in Chichester and the South East
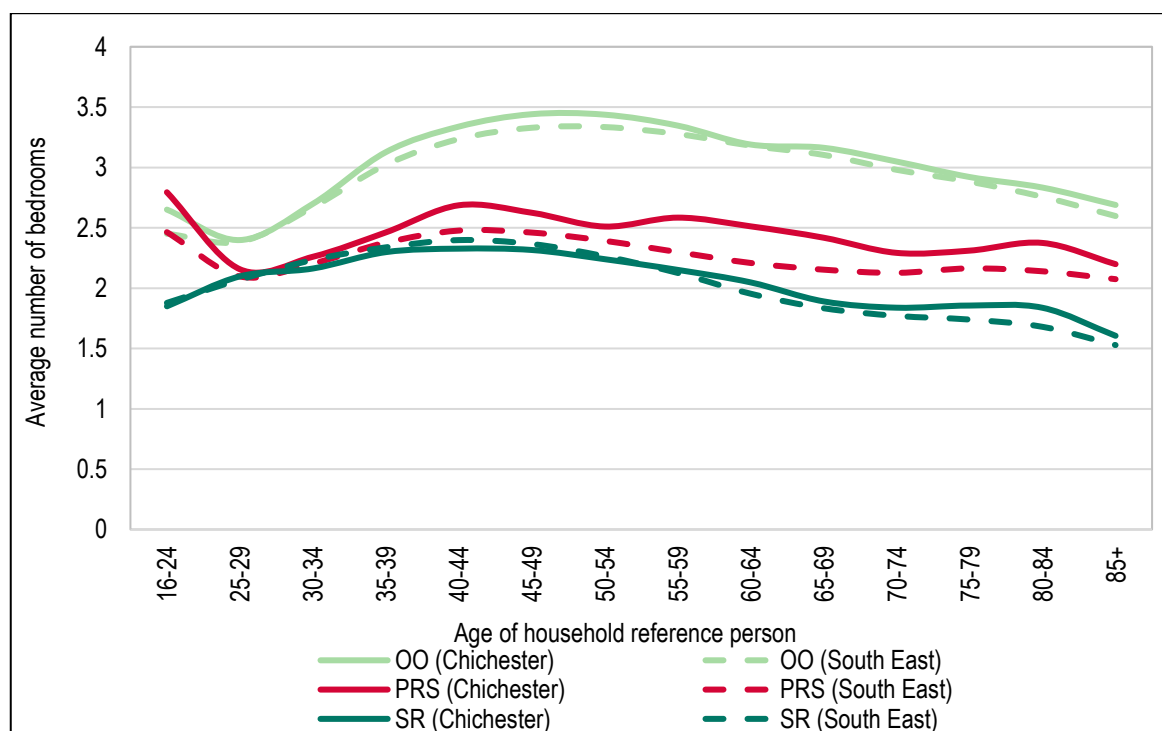
Source: Census (2011)

7.16   Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the South East region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

7.17   The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

7.18   The table below presents the projected change in households by age of household reference person, this shows growth as being expected in all age groups and in particular some older age groups. The number of households headed by someone aged 50-59 is projected to see a modest decline over the period studied.

Table 7.7   Projected Change in Household by Age of HRP in Chichester District – linking to the Standard Method

	2021	2039	Change in Households	% Change
16-24	1,189	1,684	495	41.7%
25-29	1,973	2,699	726	36.8%
30-34	2,765	3,595	829	30.0%
35-39	3,160	3,301	141	4.5%
40-44	3,376	3,764	388	11.5%
45-49	3,939	4,147	208	5.3%
50-54	5,006	4,625	-381	-7.6%
55-59	5,675	5,338	-338	-5.9%
60-64	5,286	5,528	242	4.6%
65-69	5,070	6,705	1,634	32.2%
70-74	5,648	7,710	2,062	36.5%
75-79	4,817	6,882	2,065	42.9%
80-84	3,514	5,449	1,935	55.1%
85 & over	3,691	6,137	2,446	66.3%
Total	55,110	67,563	12,453	22.6%

Source: Demographic Projections

Initial Modelled Outputs

7.19   By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

7.20   The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from the Local Authority Housing Statistics ("LAHS") and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing over a fifth of households as requiring 3+- bedroom homes.

Table 7.8   Size of Social/Affordable Rented Housing – Housing Register Information

	Number of households	% of households
1-bedroom	665	54.2%
2-bedrooms	296	24.1%
3-bedrooms	185	15.1%
4+-bedrooms	80	6.5%
TOTAL	1,226	100.0%

Source: Local Authority Housing Statistics, 2020

7.21   The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 7.9   Modelled Mix of Housing by Size and Tenure in Chichester (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	30%	42%	23%
Affordable home ownership	19%	39%	30%	12%
Affordable housing (rented)	32%	43%	23%	2%

Source: Housing Market Model

Table 7.10   Modelled Mix of Housing by Size and Tenure in Chichester (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	30%	44%	20%
Affordable home ownership	26%	38%	25%	11%
Affordable housing (rented)	42%	31%	24%	2%

Source: Housing Market Model

Table 7.11 **Modelled Mix of Housing by Size and Tenure in Chichester (combining methodologies)**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	30%	43%	21%
Affordable home ownership	22%	39%	28%	11%
Affordable housing (rented)	37%	37%	23%	2%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

7.22   The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

7.23   Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

7.24   The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 29,800 households with some degree of under-occupation and just 330 overcrowded households.

Table 7.12 **Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Chichester District**

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	Total
+2 bedrooms	0	0	9,394	9,226	18,620
+1 bedroom	0	6,440	3,449	1,324	11,213
0 (right sized)	1,197	1,160	1,182	238	3,777
-1 bedroom	57	94	108	31	290
-2 bedrooms	10	11	10	5	36
Total	1,264	7,705	14,143	10,824	33,936

Source: Census (2011)

7.25 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 7.13 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Chichester District

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	Total
+2 bedrooms	0	0	665	66	731
+1 bedroom	0	1,646	607	85	2,338
0 (right sized)	1,906	1,246	648	62	3,862
-1 bedroom	106	212	109	7	434
-2 bedrooms	16	12	13	1	42
Total	2,028	3,116	2,042	221	7,407

Source: Census (2011)

Table 7.14 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Chichester District

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	Total
+2 bedrooms	0	0	1,363	506	1,869
+1 bedroom	0	2,040	768	463	3,271
0 (right sized)	1,382	962	551	139	3,034
-1 bedroom	92	109	74	19	294
-2 bedrooms	10	22	4	1	37
Total	1,484	3,133	2,760	1,128	8,505

Source: Census (2011)

7.26 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.

7.27 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following tables. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable. It should be noted that the figures below seek to reduce under-occupancy, but it is still modelled for there to continue to be a considerable

proportion of homes with at least one spare bedroom (particularly in the market) – this is important to note given the increase in working from home in the recent past, which is likely to continue, at least in the short-term.

Table 7.15   Adjusted Modelled Mix of Housing by Size and Tenure – Chichester

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	13%	40%	34%	13%
Affordable home ownership	26%	41%	23%	9%
Affordable housing (rented)	40%	37%	20%	3%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

7.28   The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs, the survey data and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented Housing

7.29   Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to by younger single people).

7.30   As noted, the conclusions also consider the Housing Register, which did show a higher proportion of households as needing 4+-bedroom homes than the modelled data above. The conclusions also take account of the current profile of housing in this sector (although for Chichester the stock profile looks to be fairly average in a regional and national context).

7.31   In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 35-40%
- 2-bedroom: 35-40%
- 3-bedroom: 15-20%
- 4+-bedroom: 5-10%

Affordable Home Ownership

7.32   In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 20-25%
- 2-bedroom: 45-50%
- 3-bedroom: 20-25%
- 4+-bedroom: 5-10%

Market Housing

7.33   Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). However, the analysis also recognises the recent trend of people working from home. Overall, this tenure sees a slightly larger recommended profile compared with other tenure groups:

- 1-bedroom: 5-10%
- 2-bedroom: 30-40%
- 3-bedroom: 35-45%
- 4+-bedroom: 15-20%

7.34   Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

7.35   The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

7.36   The analysis above has focussed on overall District-wide needs; given differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the sub-areas. The analysis shows a few features, including the high proportion of 4-+bedroom market homes in Plan Area north and a smaller stock in Chichester. There are also variations shown in the profile of the social rented and private rented sectors with Chichester showing some of the smallest dwelling sizes across all tenures.

Table 7.16   Number of Bedrooms by Tenure, 2011 – sub-areas

		Chich-ester City	EW Corridor	Man-hood	Plan Area North	SDNP	TOTAL
Owner-occupied	1-bedroom	7%	3%	3%	2%	2%	4%
	2-bedrooms	27%	24%	26%	14%	18%	23%
	3-bedrooms	43%	43%	43%	35%	40%	42%
	4+-bedrooms	22%	30%	28%	49%	40%	32%
	Total	100%	100%	100%	100%	100%	100%
Social rented	1-bedroom	33%	20%	29%	29%	24%	27%
	2-bedrooms	41%	47%	41%	43%	41%	42%
	3-bedrooms	23%	30%	27%	26%	32%	28%
	4+-bedrooms	3%	3%	3%	2%	3%	3%
	Total	100%	100%	100%	100%	100%	100%
Private rented	1-bedroom	24%	15%	18%	16%	12%	17%
	2-bedrooms	38%	36%	43%	29%	34%	37%
	3-bedrooms	22%	37%	30%	37%	41%	32%
	4+-bedrooms	16%	12%	10%	18%	13%	13%
	Total	100%	100%	100%	100%	100%	100%

Source: 2011 Census

7.37   A modelling exercise has then been carried out using the same methodology as for District-wide data (but with some additional assumptions due to data availability) with the tables below showing the estimated mix of housing by tenure in each location.

Market Housing

7.38   Focussing on the market sector, and consistent with the analysis of current profiles, the analysis typically shows a need for larger homes in Plan Area North and a mix which includes more smaller homes in other locations (particularly Chichester City). However, it is not considered sufficiently clear-cut to suggest a different mix of housing at a sub-area level within policy. If developments were provided in-line with the suggested mix in this report (District-wide), then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations. That said, any specific developments could take account of the analysis below.

Table 7.17   **Modelled size requirement by sub-area – market housing**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Chichester City	17%	41%	33%	10%
EW Corridor	12%	40%	35%	13%
Manhood	12%	41%	34%	12%
Plan Area North	10%	35%	34%	20%
SDNP	12%	41%	34%	13%
TOTAL	13%	40%	34%	13%

Source: Housing Market Model

Affordable Home Ownership

7.39   The table below shows estimates of mix for affordable home ownership. There are again differences between locations, although all areas show a particular focus on the need for 2-bedroom homes in this sector. Again, it is not clear-cut that the data points to the need for a mix of housing which is substantially different locally than would be suggested by the District-wide analysis.

Table 7.18   **Modelled size requirement by sub-area – affordable home ownership**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Chichester City	31%	41%	16%	12%
EW Corridor	25%	42%	26%	8%
Manhood	26%	44%	23%	7%
Plan Area North	25%	37%	28%	11%
SDNP	23%	40%	29%	8%
TOTAL	26%	41%	23%	9%

Source: Housing Market Model

Social/Affordable Rented

7.40   In the social/affordable rented sector, the differences between areas are arguably fairly slight, and does not point to any different or specific mix as being needed in different locations. It should be noted that the analysis above for sub-areas does not take account of any information from the Housing Register. It is possible at any point in time that the register will be able to provide additional data about a suitable mix of rented housing and this should be considered at the relevant time for any specific applications.

Table 7.19   Modelled size requirement by sub-area – social/affordable rented

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Chichester City	42%	39%	16%	3%
EW Corridor	34%	40%	23%	3%
Manhood	42%	35%	20%	3%
Plan Area North	39%	36%	22%	3%
SDNP	40%	35%	22%	3%
TOTAL	40%	37%	20%	3%

Source: Housing Market Model

Sub-area conclusions

7.41   Overall, the analysis does not suggest that a substantially different mix should be proposed for smaller areas although Plan Area North and Chichester City do show some slightly different outputs compared with other locations (particularly when it comes to looking at market housing). There may however be a case on a site-by-site basis, or at a specific point in time for some minor adjustments to the overall conclusions. This is summarised below:

a)   Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;

b)   As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;

c)   That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock;

d)   The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;

7.42   Overall, it is suggested that Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided. Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built-form

7.43 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

7.44 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the District as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

7.45 The table below shows a notable proportion of homes in Chichester District are bungalows (17% of all flats and houses) with about half (47%) of these having 2-bedrooms (and a further 35% 3-bedrooms); a lower proportion (9%) of homes across England are bungalows.

Table 7.20 Number of dwellings by property type and number of bedrooms (March 2020) – Chichester District

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	760	4,390	3,280	960	30	9,420
Flat/Maisonette	4,200	4,710	490	110	20	9,520
Terraced house	210	4,180	6,250	980	10	11,620
Semi-detached house	60	2,230	7,790	1,360	20	11,470
Detached house	50	970	4,900	8,110	150	14,180
All flats/houses	5,280	16,480	22,710	11,520	230	56,210
Annexe	-	-	-	-	-	340
Other	-	-	-	-	-	750
Unknown	-	-	-	-	-	940
All properties	-	-	-	-	-	58,230

Source: Valuation Office Agency

7.46 In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).

7.47 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

7.48   As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

7.49   There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove immensely popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

7.50   Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive.

7.51   Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats vs. Houses

7.52   Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.

7.53   The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both Chichester and England. This shows a relatively low proportion of flats in Chichester (just 27% of all 2-bedroom homes) and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors (over a third of 2-bedroom homes in both of these sectors are flats).

Table 7.21 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Chichester District	England
Owner-occupied	17%	21%
Social rented	37%	48%
Private rented	40%	50%
All (2-bedroom)	27%	35%

Source: 2011 Census

7.54   As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing, although it is still the case that houses are likely to make up the majority of the need in this sector.

Summary

7.55   The proportion of households with dependent children in Chichester is relatively low with around 24% of all households containing dependent children in 2011 (29% regionally and nationally). Households in the Plan Area North are particularly likely to contain dependent children. There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

7.56   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (18-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Chichester are very high in the market sector). The conclusions (notably in the market sector) reflect recent increases in the number of people working from home, a trend that is likely to continue, at least in the short-term.

Table 7.22 Suggested Mix of Housing by Size and Tenure – Chichester Plan Area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	30-40%	35-45%	15-20%
Affordable home ownership	20-25%	45-50%	20-25%	5-10%
Affordable housing (rented)	35-40%	35-40%	15-20%	5-10%

Source: Derived from a range of sources

7.57   The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

7.58   The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

7.59   Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

7.60   Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

8.   OLDER PEOPLE AND THOSE WITH A DISABILITY

8.1   This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

8.2   The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. A series of statistics about the older person population of Chichester are presented below.

Current Population of Older People

8.3   The table below provides baseline population data about older persons in Chichester and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates (MYE). The table shows that Chichester has a much older age structure than other areas with 28% of the population being aged 65 and over, this compares with 20% regionally and 19% nationally.

Table 8.1   Older Persons Population, 2020

	Chichester District	West Sussex	South East	England
Under 65	72.3%	76.8%	80.3%	81.5%
65-74	13.9%	11.9%	10.3%	9.9%
75-84	9.5%	7.8%	6.5%	6.1%
85+	4.3%	3.5%	2.8%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	27.7%	23.2%	19.7%	18.5%
Total 75+	13.8%	11.3%	9.4%	8.6%

Source: ONS Mid-Year Population Estimates

8.4   The table below shows the same information for sub-areas, this shows some variation in the proportion of people aged 65 and over, ranging from 23% in the Plan Area North, up to 33% of the population in Manhood Peninsula.

Table 8.2   Older Persons Population, 2020 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
Chichester City	75.8%	11.0%	8.6%	4.6%	100.0%	24.2%	13.2%
EW Corridor	75.3%	12.8%	8.2%	3.8%	100.0%	24.7%	12.0%
Manhood	66.7%	16.7%	11.5%	5.1%	100.0%	33.3%	16.6%
Plan Area North	76.6%	12.7%	8.2%	2.5%	100.0%	23.4%	10.7%
SDNP	70.7%	15.2%	10.0%	4.1%	100.0%	29.3%	14.1%
TOTAL	72.3%	13.9%	9.5%	4.3%	100.0%	27.7%	13.8%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

8.5   Population projections can next be used to provide an indication of how the number of older persons might change in the future with the tables below showing that Chichester is projected to see a notable increase in the older person population. With dwelling provision of 763 dwellings per annum (638 dpa in the plan area) the increase in the population aged 65 and over is around 42% - the population aged Under 65 is in contrast projected to increase by just 8%.

8.6   In total population terms, the projections show an increase in the population aged 65 and over of 14,500 people. This is against a backdrop of an overall increase of 21,700 – population growth of people aged 65 and over therefore accounts for 67% of the total projected population change.

Table 8.3   Projected Change in Population of Older Persons, 2021 to 2039 – Chichester (linking to 638 dpa outside SDNP)

|	2021	2039	Change in population	% change
Under 65	88,087	95,283	7,197	8.2%
65-74	17,044	21,913	4,869	28.6%
75-84	11,973	17,845	5,872	49.0%
85+	5,238	9,027	3,789	72.3%
Total	122,343	144,069	21,726	17.8%
Total 65+	34,256	48,785	14,529	42.4%
Total 75+	17,212	26,872	9,660	56.1%

Source: Demographic Projections

Characteristics of Older Person Households

8.7   The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (79% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 13% of older

persons households across the District live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 8%).

8.8 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Table 8.4   Tenure of Older Persons Households in Chichester District, 2011
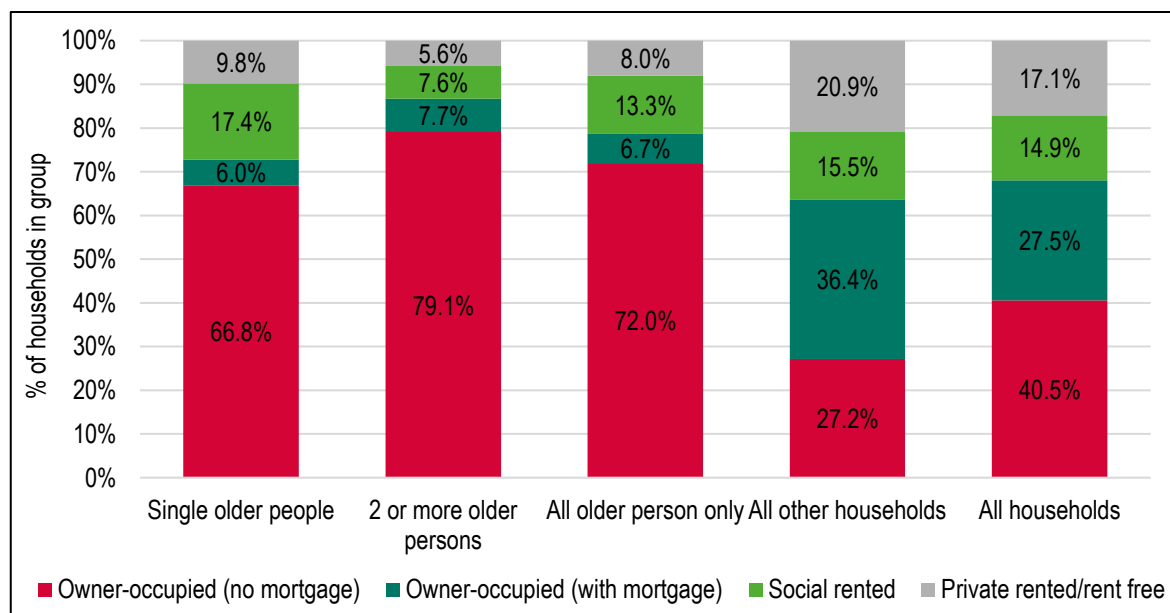
Source: 2011 Census

8.9 The figure below shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies across the study area; a key observation is the lower level of owner-occupation amongst older people in Chichester City and the National Park. In the Manhood Peninsula, some 85% of older person households are owner-occupiers.

Table 8.5   Tenure of Older Persons Households in Chichester, 2011 – sub-areas
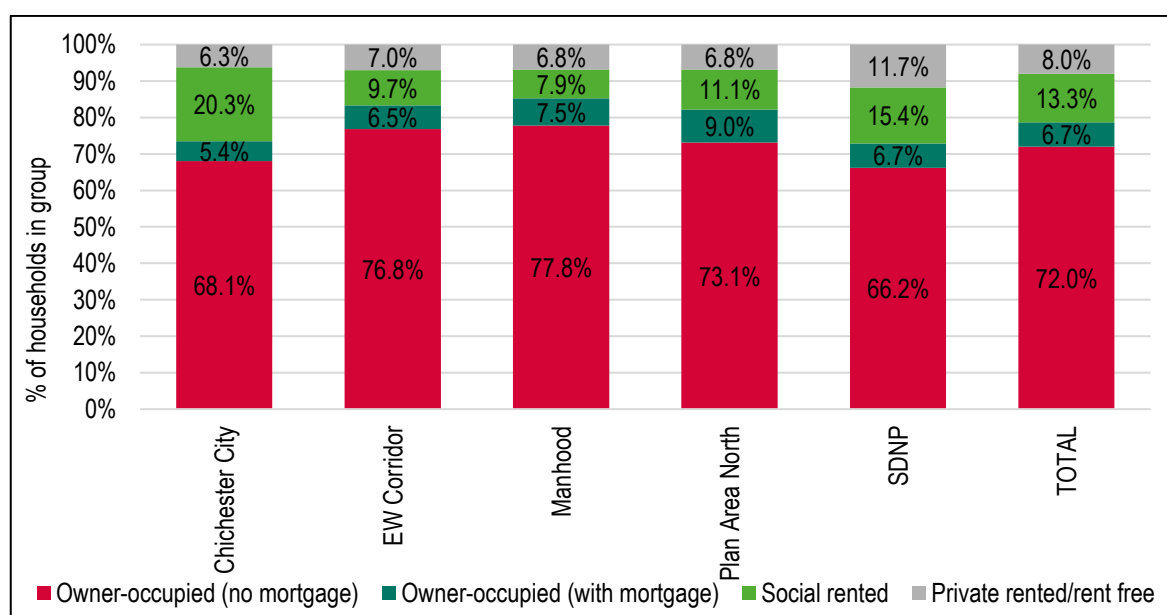
Source: 2011 Census

Prevalence of Disabilities

8.10   The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 31% of households in Chichester contain someone with a LTHPD. This figure is broadly similar to that seen across other areas. The figures for the population with a LTHPD also show a proportion in-line with other areas – some 17.5% of the population having a LTHPD.

Table 8.6   Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Chichester District	15,292	30.7%	19,883	17.5%
West Sussex	107,127	31.0%	138,880	17.2%
South East	1,048,887	29.5%	1,356,204	15.7%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

8.11   The analysis also shows some differences between different parts of the study area, with the Manhood Peninsula seeing a higher proportion of the population with a LTHPD, the lowest proportion being in the Plan Area North.

Table 8.7   Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas – Chichester District

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Chichester City	3,890	31.6%	4,808	17.9%
EW Corridor	2,591	28.6%	3,515	16.2%
Manhood	4,251	36.3%	5,675	21.7%
Plan Area North	825	25.2%	1,000	12.1%
SDNP	3,735	27.7%	4,885	15.8%
Total	15,292	30.7%	19,883	17.5%

Source: 2011 Census

8.12   It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows lower levels of LTHPD in each age band within Chichester when compared with the regional and national position.

Table 8.8   Population with Long-Term Health Problem or Disability by Age
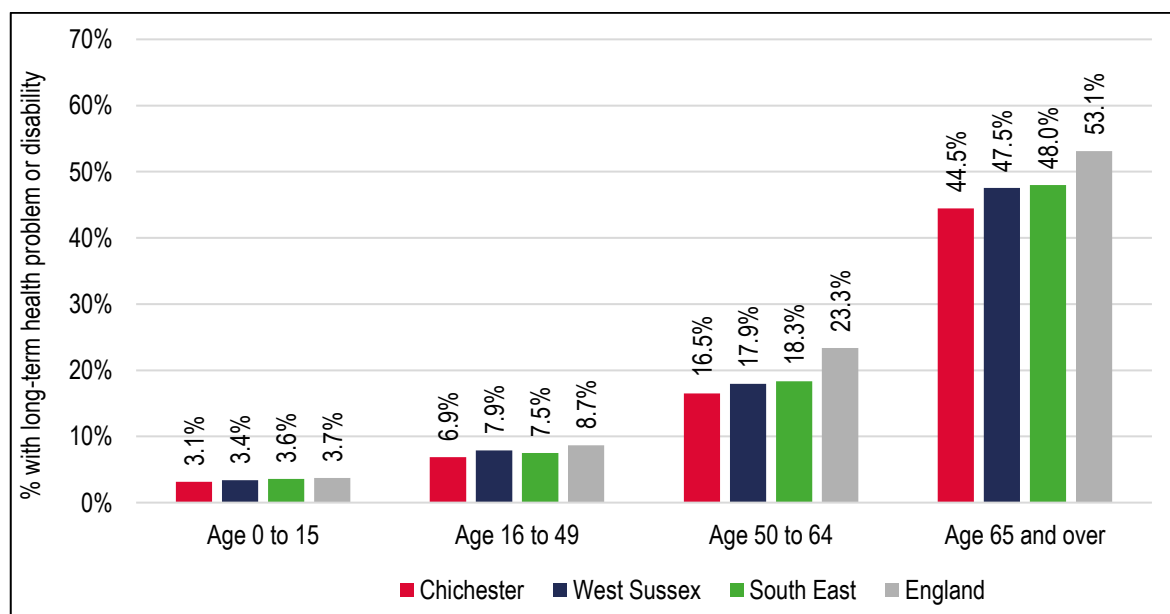
Source: 2011 Census

8.13   The figure below shows the proportion of the population aged 65 and over with a LTHPD by sub-area. This shows some notable differences, from 37% of the population in the Plan Area North, up to 47.5% in the Manhood Peninsula.

Table 8.9   Proportion of population aged 65 and over with a Long-Term Health Problem or Disability – Chichester – sub-areas
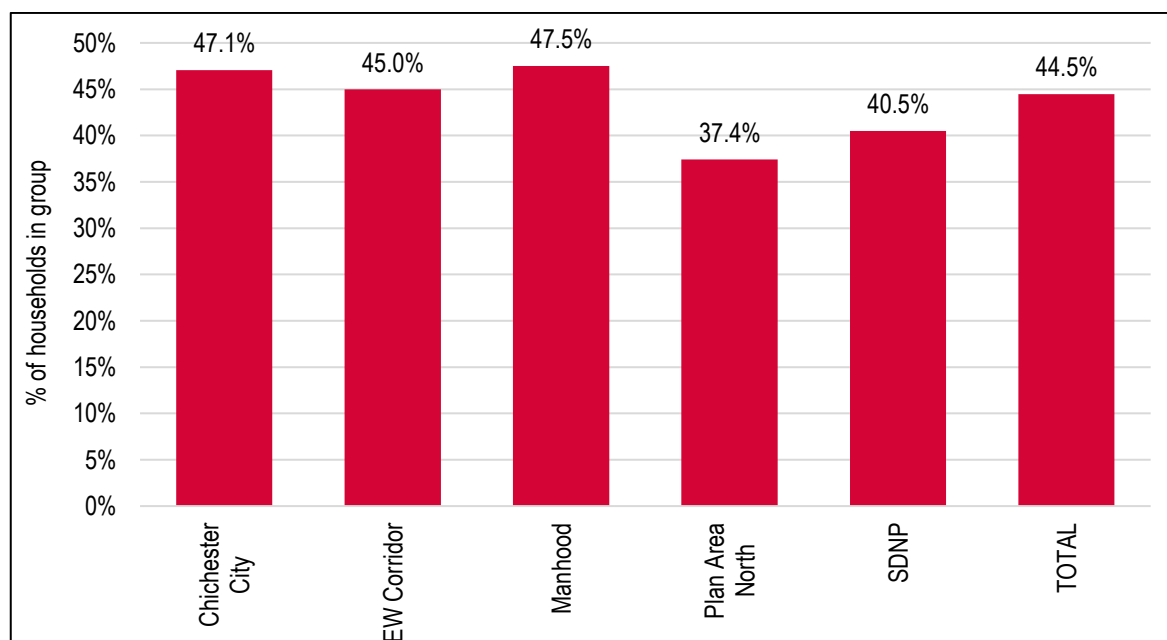
Source: 2011 Census

Health Related Population Projections

8.14   The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

8.15   The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.

8.16   Of particular note are the large increases in the number of older people with dementia (increasing by 58% from 2021 to 2039 and mobility problems (up 51% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents 13% of total projected population growth.

8.17   It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 8.10 **Projected Changes to Population with a Range of Disabilities – Chichester Plan Area (linked to 638 dpa outside SDNP)**

Disability	Age Range	2021	2039	Change	% Change
Dementia	65+	2,132	3,377	1,246	58.4%
Mobility problems	65+	5,493	8,278	2,785	50.7%
Autistic Spectrum	18-64	486	533	47	9.8%
Disorders	65+	265	384	119	44.7%
Learning Disabilities	15-64	1,279	1,402	123	9.6%
	65+	597	845	248	41.5%
Challenging behaviour	15-64	24	26	2	9.1%
Impaired mobility	16-64	3,172	3,197	25	0.8%

Source: POPPI/PANSI and Demographic Projections

8.18   Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

8.19   The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

8.20   The PPG for Housing for Older and Disabled People [63-006] refers only to specialist housing for older people; however, clearly the local authority should support specialist housing schemes for younger adults which come forward across the plan area.

8.21   The analysis suggests that there is likely to be some increase in the number of younger people (generally those aged 16/18 to 64) with a disability across the study area. There are a range of disabilities that are likely to require some degree of support, or potentially some form of specialised housing solution.

8.22   This report does not seek to be specific about the exact number of units that need to be provided for different groups, nor where such accommodation should be located. Indeed, some types of specialist accommodation might have a wide catchment, and would be suitable for clients from outside of the study area; whilst it is also possible that some people in the area would be placed in accommodation elsewhere.

Need for Specialist Accommodation for Older Persons

8.23   Given the ageing population and higher levels of disability and health problems amongst older
people, there is likely to be an increased requirement for specialist housing options moving forward.
The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active
elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or
bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide
care services, but provides some support to enable residents to live independently. This can include 24-hour on-site
assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or
bungalows with a medium to high level of care available if required, through an onsite care agency registered through the
Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and
staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing
centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents
to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential
building and provide a high level of care meeting all activities of daily living. They do not usually include support services
for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

8.24   The need for specialist housing for older persons is typically modelled by applying prevalence rates
to current and projected population changes and considering the level of existing supply. There is no
standard methodology for assessing the housing and care needs of older people. The current and
future demand for elderly care is influenced by a host of factors including the balance between
demand and supply in any given area and social, political, regulatory and financial issues.
Additionally, the extent to which new homes are built to accessible and adaptable standards may
over time have an impact on specialist demand (given that older people often want to remain at home
rather than move to care) – this will need to be monitored.

8.25   There are a number of 'models' for considering older persons' needs, but they all essentially work in
the same way. The model results are however particularly sensitive to the prevalence rates applied,
which are typically calculated as a proportion of people aged over 75 who could be expected to live
in different forms of specialist housing. Whilst the population aged 75 and over is used in the
modelling, the estimates of need would include people of all ages.

8.26   Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist
accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care)
may need to be assessed and can be obtained from a number of online tool kits provided by the*

sector, for example SHOP@ for Older People Analysis Tool)'. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

8.27   The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

8.28   Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

8.29   For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support) with the middle of the range shown for housing with care forming the base position for analysis.

Table 8.11 Range of suggested baseline prevalence rates (supply per 1,000 head of population aged over 75) from a number of tools and publications

Type/Rate	SHOP@ (2008)[10]	Housing in Later Life (2012) [11]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

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[10] Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.
[11] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

8.30   In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types; and

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care.

8.31   Iceni and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

8.32   We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

8.33   Within both the housing with support and housing with care categories, the analysis has additionally looked at a tenure split between market and affordable housing. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector.

8.34   Using the 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Chichester is the 213th deprived local authority in England (out of 317). This suggests a slightly higher proportion of market housing than for an authority in the middle of the range. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).

8.35   The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

8.36 Overall, the analysis suggests that there will be a notable need for both housing with support and housing with care (in both market and affordable sectors for housing with support and focussing on market homes for housing with care), as well as some additional nursing and residential care bedspaces.

Table 8.12 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-39 – Chichester (linked to 638 dpa outside SDNP)

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2039	Shortfall /surplus by 2039
Housing with support	Market	63	864	1,083	219	608	826
	Affordable	62	758	1,069	311	600	911
Total (housing with support)		105	125	1,622	2,151	529	1,208
Housing with care	Market	30	0	520	520	292	812
	Affordable	15	74	254	180	143	323
Total (housing with care)		45	74	775	701	435	1,135
Residential care bedspaces		40	840	688	-152	386	235
Nursing care bedspaces		45	644	775	131	435	565
Total bedspaces		85	1,484	1,463	-21	821	800

Source: Derived from Demographic Projections and Housing LIN/EAC

8.37 The assumptions used in the analysis above look at the situation nationally (with an adjustment for relative deprivation impacting on the tenure split). At a more local level, the relative health of an area's population is also likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

8.38 A further sensitivity has therefore been developed where rather than simply taking the base prevalence rates, an adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average.

8.39 In Chichester district, the data shows better health in the older person population and so the prevalence rates used have been decreased (by an average of about 16%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in Chichester (44.5%) with the equivalent figure for England (53.1%).

8.40 This analysis, in the table below, continues to show a need by 2039 for all types of housing studied, although the levels are calculated to be somewhat lower.

Table 8.13 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-39 – Chichester (linked to 638 dpa outside SDNP) and with a health adjustment

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2039	Shortfall /surplus by 2039
Housing with support	Market	53	864	907	43	509	552
	Affordable	52	758	895	137	503	640
Total (housing with support)		105	1,622	1,802	180	1,011	1,192
Housing with care	Market	25	0	436	436	245	680
	Affordable	12	74	213	139	120	259
Total (housing with care)		38	74	649	575	364	939
Residential care bedspaces		34	840	577	-263	324	60
Nursing care bedspaces		38	644	649	5	364	369
Total bedspaces		71	1,484	1,225	-259	688	429

Source: Derived from Demographic Projections and Housing LIN/EAC

8.41   It can be seen by 2039 there is an estimated need for between 2,131 and 2,872 additional dwellings with support or care across the whole study area. In addition, there is a need for 429-800 additional nursing and residential care bedspaces.

8.42   Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 238-445 dwellings.

8.43   In total, the older persons analysis points towards a need for around 2,369-3,317 units over the 2021-39 period (132-184 per annum) – the older person need equates to some 17-24% of all homes needing to be some form of specialist accommodation for older people.

8.44   The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

8.45   It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services).

8.46   Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

8.47   It is also the case that for Extra Care additional units will, to some degree, take pressure off the demand for residential care. This is because such housing can provide services and facilities to allow people to live in their homes for longer. It also has the added benefit of being more cost effective for the public purse.

8.48   The Council may also wish to consider allocating specific sites for housing with care as this type of specialist housing can rarely compete with other forms of housing in purchasing land.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

8.49   The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

> *"This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses."*

8.50   There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.

8.51   The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

8.52   Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *"use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)."* C3 (dwelling houses) are defined as "*use as a dwelling house (whether or not as a sole or main residence) a) by*

a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents)."

8.53   Care is defined in the Use Class Order as meaning "personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care of children and medical care and treatment."

8.54   Personal care has been defined in Regulations[12] as "the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided."

8.55   Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

> *"It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided."*

8.56   The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

8.57   A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents' care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.

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[12] Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

8.58   For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

8.59   The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

8.60   Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

8.61   The implication for Chichester is that:

- The ability to seek affordable housing contributions from a C2 use <u>at the current time</u> is influenced by how its current development plan policies were constructed and evidenced; and

- If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

8.62   Within the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

8.63   There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);

- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;

- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

8.64   There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

8.65   Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of a new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

8.66   In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

8.67   Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service

charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

8.68   The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

8.69   The analysis below sets out estimates of the number of wheelchair users in the District; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households in England with a wheelchair user and the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 8.14   Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

8.70   The analysis also considers the relative health of the population of Chichester. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The table below shows this information by age in Chichester and England, and also shows the adjustment made to reflect differences in heath between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows lower levels of disability for all age groups in Chichester District, pointing to a slightly lower than average proportion of wheelchair user households.

Table 8.15 Proportion of people with day to day activities limited a lot (by age) – 2011 – Chichester District

	% of age group with day to day activities limited a lot		Chichester District as % of England	Prevalence rate (per 1,000 population)
	Chichester District	England		
Under 60 years	3.0%	4.2%	71.8%	3
60-74 years	7.8%	13.9%	55.9%	15
75-84 years	19.1%	29.1%	65.7%	44
85 years or over	42.7%	52.3%	81.7%	119

Source: 2011 Census

8.71 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 1,671 wheelchair user households in 2021, and that this will rise to 2,408 by 2039 (an increase of 737).

Table 8.16 Estimated number of wheelchair user households (2021-39) – Chichester District – linked to 638 dpa outside SDNP

	Prevalence rate (per 1,000 population)	Household population 2021	Household population 2039	Wheelchair user households (2021)	Wheelchair user households (2039)
Under 60 years	3	77,547	84,528	252	275
60 - 74 years	15	25,736	30,820	384	460
75 - 84 years	44	11,540	17,156	512	761
85 years or over	119	4,378	7,631	523	911
Total		119,202	140,135	1,671	2,408

Source: Derived from a range of sources

8.72 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home.

8.73 Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for 1,150 additional wheelchair user homes in the 2021-39 period – this equates to 8% of all housing need (as set out in the table below).

Table 8.17   Estimated need for wheelchair user homes, 2021-39

	Current need	Projected need (2021-39)	Total current and future need	Housing need (2021-39)	% of Housing Need
Chichester	411	736	1,147	13,734	8.4%

Source: Derived from a range of sources

8.74   Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair uses, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for around 7% of market homes to be M4(3) along with 17% of affordable.

Table 8.18   Estimated need for wheelchair user homes by tenure, 2021-39

	Market	Affordable
Chichester	7%	17%

Source: Derived from demographic projections and EHS prevalence rates

8.75   To meet the identified need, the Council could seek a proportion (maybe up to 10%) of all new market homes to be M4(3) compliant and potentially around a quarter in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

8.76   As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

8.77   It is worth noting that the Government is currently consulting on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds[13].

8.78   One of the policy options tabled in this document is to remove M4(1) altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and

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[13] Raising accessibility standards for new homes, a consultation paper, page 10

evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.

8.79   The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

Table 8.19   - Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: DCLG Housing Standards Review[14], EC Harris, 2014

8.80   However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

8.81   A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Summary

8.82   A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/353387/021c_Cost_Report_11th_Sept_2014_FINAL.pdf

older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

8.83   The data shows that Chichester has an older age structure and similar overall levels of disability compared with the national average – age specific rates of disability are consequently notably lower than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2021-39 period include:

- A 42% increase in the population aged 65+ (potentially accounting for 67% of total population growth);

- A 58% increase in the number of people aged 65+ with dementia and a 51% increase in those aged 65+ with mobility problems;

- A need for between 1,200 and 1,700 housing units with support (sheltered/retirement housing) – split between market and affordable housing;

- A need for between 900 and 1,000 additional housing units with care (e.g. extra-care) – focussed on the market sector;

- A need for additional nursing care bedspaces; and

- a need for around 1,150 dwellings to be for wheelchair users (meeting technical standard M4(3)).

8.84   This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

8.85   Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

8.86   The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

8.87   In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

8.88   In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

9.   SPECIFIC GROUPS

9.1   This section considers the needs of specific groups in the District including homeless households, households with support needs, student households, service families and those looking to build their own home.

Homeless Households and those with Support Needs

9.2   In order to understand the scale and main issues surrounding homelessness in the District, Iceni has drawn on data from the Homelessness Case Level Collection ("H-CLIC") which is gathered by MHCLG directly from local authorities. Iceni has also considered the District Housing Strategy 2020-25 which was adopted in 2020.

9.3   The housing strategy provides a useful starting point for understanding the main issues around homelessness in the District. The Strategy makes clear that the District has a strong record for supporting its most vulnerable residents including those who are homeless and those with support needs. The purpose of the Strategy is to set out a vision for tackling the main issues over the five year period.

9.4   In setting the scene, the Strategy recognises that housing affordability has continued to decline in the preceding five years along with the opportunities for first time buyers. In the District, households therefore rely on the private rented sector on a long-term basis. The main issue here is that households on low incomes can find private rents particularly unaffordable which results in very few alternative options for housing.

9.5   In order to better understand the position of those most in need and also provide a longer-term view, Iceni has analysed H-CLIC data with the data available up to 31st December 2020. The Figure below shows how the number of those accepted as being homeless and in priority need changed in the District over the period from 2008 to 2017 which pre-dated the implementation of the Homelessness Reduction Act ("HRA") in 2018. In 2017/18, there were 38 homeless households owed a full duty.

9.6   For context, this was equal to 0.7 per 1,000 households compared with 2.0 per 1,000 households across the South East or 2.4 across England therefore pointing to relatively low numbers in the District.

Table 9.1 : Homeless Households in Priority Need, 2008/09 -2017/18
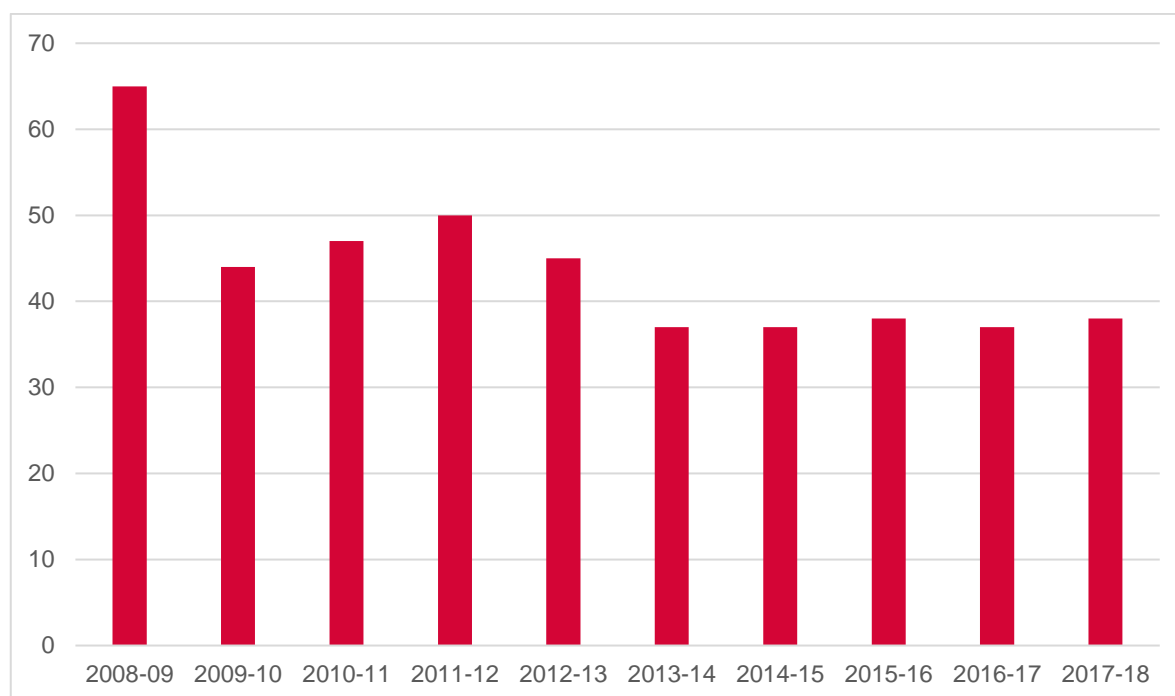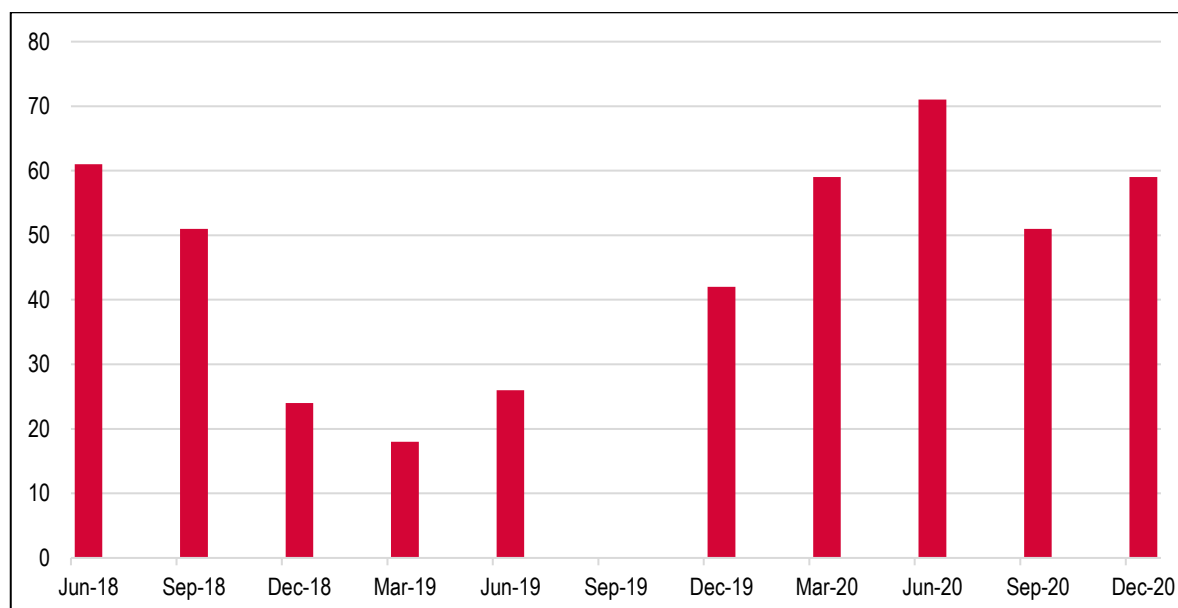

Source: MHCLG, H-Clic 2021

9.7   The introduction of the HRA in 2018 now means that data is reported on a quarterly basis and is split out by those owed a prevention or relief duty[15]. The HRA places new duties on housing authorities to intervene earlier to prevent homelessness and to take reasonable steps to relieve homelessness for all eligible applicants, not just those that have priority need under the Act.

9.8   This has had an impact on the data and the Figure below shows that the Council has experienced an average of 67 households owed a prevention or relief duty each quarter since 1st April 2018. However, to again put this in context, the data is showing that on average there are 1.2 households owed a duty per every 1,000 households in Chichester each quarter, compared with 2.5 in the South East and 2.9 across England. Overall, therefore, the numbers have increased in comparative terms to previous years. However, as is clear, the numbers have fallen significantly over the period from June 2018 to December 2020.

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[15] A prevention duty is a duty to prevent homelessness for those threatened with it in the next 56 days. A relief duty is a duty for the Council to support those who have been made homeless this involves taking reasonable steps to help the households secure suitable accommodation.

Table 9.2   :Homeless Households Owed a Duty, Post-HRA, 2018-2020
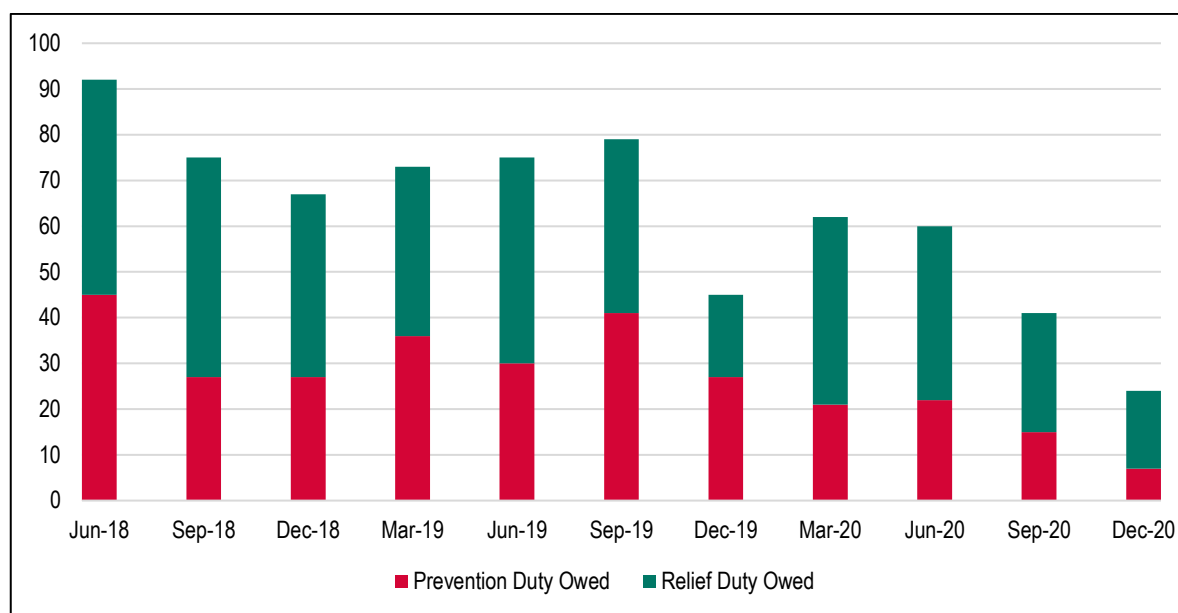
Source: MHCLG, H-CLIC 2021

9.9   Although overall numbers are not significant, the Figure below highlights the notable increase in the number of households living in temporary accommodation) in the District with a notable difference pre- and post-Covid. Chichester District Council owns 51 self-contained flats located within the District that are used to provide temporary accommodation for homeless households. Residents in temporary accommodation are assigned a Tenancy Sustainment Officer who supports households with sustaining their accommodation and living independently.

Table 9.3   :Households living in Temporary Accommodation in Chichester, 2018-2021

Source: MHCLG, H-CLIC 2021

9.10   Currently, Chichester District Council has 2 Full Time Tenancy Sustainment Officers, each of whom also provide tenancy support to households housed under the Council's Home Finder scheme to assist them in sustaining their accommodation in the private sector.

9.11   It is our understanding that securing temporary accommodation is becoming increasingly challenging and following the introduction of the Domestic Abuse Act 2021 in April, anyone who presents as homeless and has been subjected to Domestic Abuse will automatically have a priority need and the Council will have to provide TA whilst undertaking a full assessment. This is already the case for households with children, individuals who are pregnant and individuals with a disability.

Homeless Households with Support Needs

9.12   There are a range of households who present themselves as homeless or at risk of homelessness in the District with varying support needs which have a direct relationship with the requirement for suitable supported housing. Household groups with support needs include:

- Households with alcohol and drug dependencies (i.e. those which are maintaining independence)

- Households subject to Domestic Abuse

- Households with mental health problems who need support

- Offenders and people at risk of offending; and

- Young people leaving care (i.e. young people leaving local authority care who have been looked after for a continuous period of at least 13 weeks)

9.13   There is a significant overlap in the group presenting themselves as homeless and those with a drug and alcohol dependencies as well as other support needs. H-CLIC data allows us to drill into the nature of support needs declared when applying for homeless relief or prevention.

9.14   Reviewing the latest H-CLIC data as it is recorded following the introduction of the HRA in 2018, we are able to consider the prevalence of particular support needs in the District. The Table below sets out the top five support needs of households owed a duty in the District, taking an average across the last two years' worth of data.

9.15   This shows that 32% of households on average have mental health problems with 21% having ill health and a disability. Around 11% of households owed a duty have experience Domestic Abuse; however, anecdotally we understand that this figure is likely to be significantly higher due to underreporting. There is also a notable issue relating to access to training and education.

Table 9.4   Households Owed a Duty: Support Needs, Avg 2018-20

| Support Need	No of Households (p.a.)	% of Owed Duty (p.a.)
Mental health problems	20	32%
Physical ill health and disability	10	21%
Experienced Domestic Abuse	8	11%
Drug or Alcohol dependency	8	11%
Access to Education/Employment	6	9%

Source: MHCLG, H-CLIC 2021

9.16   Moving forward, the Council has set out in its Homelessness Review what it intends to do to fulfil its statutory duties to households who lose their home. This includes – (1) preventing homelessness through early intervention and support, (2) reducing the number of households in out-of-District accommodation and (3) tackling rough sleeping.

9.17   In addition to monitoring the actions set out therein, the Council should work with the County Council to identify opportunities on public land, where available, for the provision of suitable supported housing.

Students

9.18   This section considers the housing needs of students in the District and the relationship between the student population and Homes in Multiple Occupation ("HMO").

The Existing Profile of Students in the District

9.19   The Framework is clear that the needs of students (and other groups within the housing market) should be assessed and reflected in planning policies.

9.20   In the District at the point of the 2011 Census, there were around 4,172 full time students aged 18 and over. The area has one higher education ("HE") establishment which is relevant to this assessment which is the University of Chichester.

9.21   There is also a further education establishment which is Chichester College; however, the data allowing us to track trends in student numbers year-on-year for further education establishments is not consistently available. In any event, it is HE students which principally impact on the housing market, and therefore the assessment focuses on the University of Chichester.

9.22   Iceni has access to data allowing us to track trends in student numbers for the University of Chichester from the Higher Education Statistics Agency ("HESA"). Drawing on data from the HESA, the Figures below set out the pattern of growth over the last 9 years from 2011/12 to 2019/20 following the Census. As of 1st September 2020, the University had a total of 5,540 full-time ("FT") and part-time ("PT") Undergraduate ("UG") and Postgraduate ("PG") students.

Table 9.5   :Profile of Student Population at University of Chichester
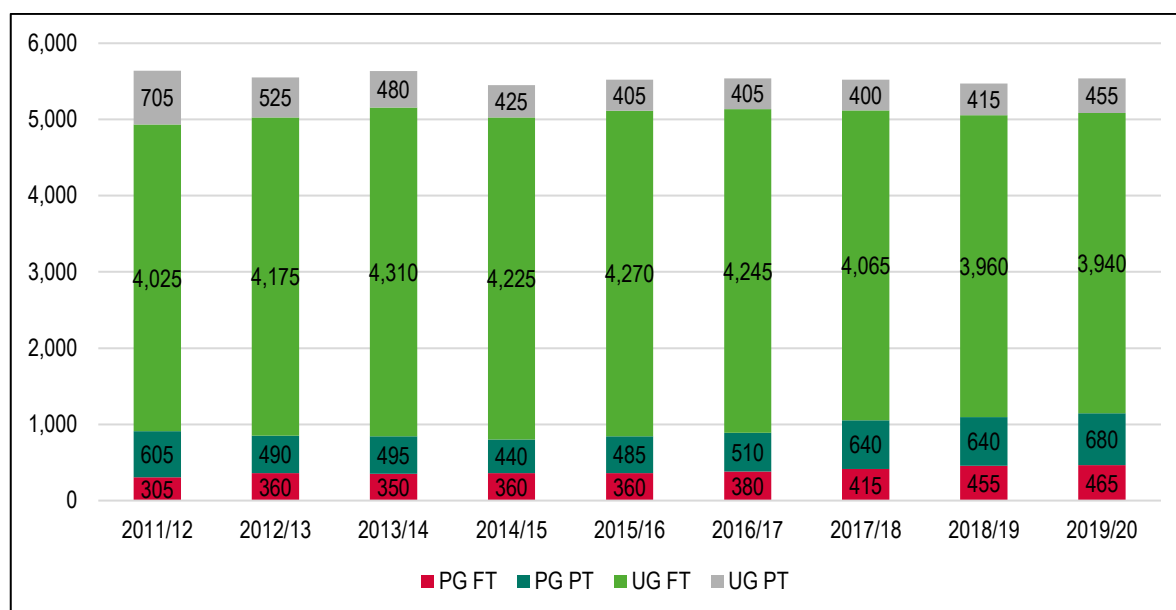
Source: HESA 2021

9.23   At the University of Chichester, the number of full time undergraduates grew over the 2011-20 period decreased by 85 students whilst the number of part time undergraduates fell by 250 students. Across the nine year period, the number of postgraduate students increased by 235 students. The number of students overall has therefore remained broadly consistent.

9.24   Housing needs arise principally as a result of full-time students (with those studying part time typically also living and working locally already or living with parents). As of 1st September 2020, there were 4,405 full-time students at the University. The trend in the total number of full time students is shown in the Figure below. As is clear, the number of FT students have declined in recent years but it still higher than levels in 2011/12.

Table 9.6   :Trends in Full Time Higher Education Students – University of Chichester
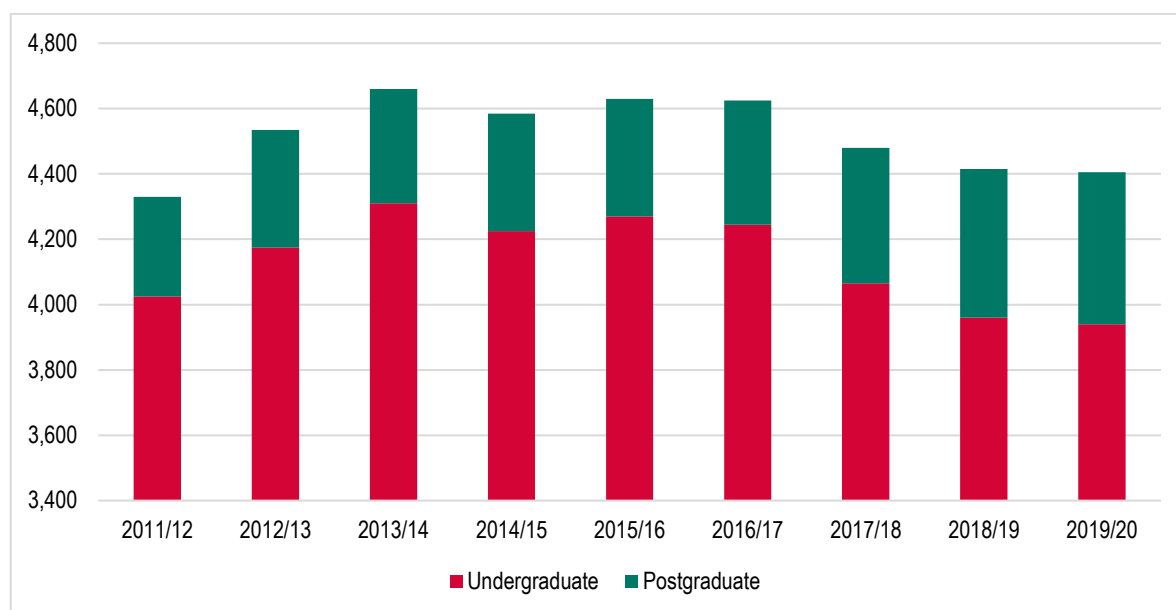
Source: HESA 2021

9.25   The University have noted that the pandemic has not seen any impact on demand. Conversely due to the Universities burgeoning reputation they have seen the largest increase in applications (50%) in the country with acceptances not far behind.

9.26   The University has indicated that there are 4,900 full-time students studying at the University in the current academic year. Of these students approximately 74% study at the Chichester campus and 26% in the Bognor Regis Campus.

The Profile of Accommodation

9.27   At the point of the 2011 Census, there were around 4,172 full time students aged 18 and over in the District which, in comparison to data on full-time student numbers drawn from HESA (4,330 students), implies some students lived outside of the District. The Table below sets out a breakdown of students resident in the District by age.

Table 9.7   Profile of Full Time Students Aged 18 and Over

Age	Chichester
Aged 18-19	1,726
Aged 20-24	1,773
Aged 25 and Over	673
Total	**4,172**

Source: 2011 Census

9.28   The Table below sets out the accommodation profile of full-time students at the point of the 2011 Census in Chichester. This shows that the largest proportions (33%) of students aged 18 and over lived with parents or an all student household. The latter typically comprises Houses in Multiple Occupation ("HMOs").

Table 9.8   Profile of Full Time Students Aged 18 and Over by Accommodation Type (%)

Accommodation Type	Students	% of Total
Living with Parents	1,377	33%
University Communal	445	11%
Other Communal	90	2%
All Student Household	1,386	33%
Living Alone	152	4%
Other	722	17%
Total (No.)	**4,172**	**100%**

Source: 2011 Census

9.29   More recent data from the University, and only relating to returning students (i.e. not first years), demonstrates a shift away from those living with parents towards HMOs in the general housing stock

- 51% are in 'Other rented' including HMOs
- 25% are in living with parents
- 14% own home[16]
- 6% are in halls[17]
- 4% other

9.30   As this relates to the Universities 2,500 returning students this means that 1,275 students are living in general housing. This would indicate approximately 510 homes based on an average student size

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[16] This may incorrectly including some student rental

[17] some rooms are allotted for welfare reasons and there has been some backfilling of rooms to keep occupancy up

of 2.5[18] are being taken up by students. .While not all of these students could or would want to be shifted to Purpose Built Student Accommodation (PBSA) it does indicate the potential supply of homes if further PBSA is provided.

9.31   The University have noted a lack of accredited HMOs in the City. As a result there are periodic shortages. This is not a significant issue at the moment but may deteriorate with student growth. According to the University, during the clearing period in 2021 there were only three rental properties available within a 3 mile radius of the University.

9.32   Overall the University have indicated that 68% of undergraduates are in halls. There current policy is to guarantee 1st years accommodation. However, they will no longer be offering this to students living in an "exclusion zone." The exclusion zone is based on their current (mostly parental) residence and its connectivity to the main campus. This principally runs along the A27 to Worthing and if applied to the latest intake would only have excluded 50 students.

9.33   The University currently have six accommodation locations including two campus locations, two off campus locations and two temporary locations. The University are planning to refurbish some of the existing locations which could result in the loss of around 100 bedspaces which will become communal space.

Student Growth, Expansion Plans, and the Need for Student Accommodation

9.34   Iceni has engaged directly with the University of Chichester to understand the latest position on student growth and expansion plans. Looking forward, we understand through discussions that the University is a rapidly growing both in terms of student roll and reputation. The University is at the beginning of a process called Project Cornerstone which will see the University grow its current full-time student numbers to around 6,000 by 2025/26 and to 7,000 in the longer term. Part of this growth will be as a result of wider demographic growth in the number of 18 year olds nationally.

9.35   It is expected that the initial 1,100 student growth will be split between the two campus with 70% going to Chichester (775 students).

9.36   The University has typically attracted a domestic student body with only around 100 international students. As a consequence, Brexit is likely to have limited impact. Notwithstanding, the international makeup of the student body is likely to change as the University has signed a partnership with an international pathway college. The students on this pathway are however likely to be based in Bognor Regis in their foundation year.

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[18] Taken as 2.5 students per all student household as per the Housing Delivery Test.

9.37   The University has also created new Nursing and Business Schools. The nursing school currently has 40 students which is expected to grow to around 300. However there is a lack of staff housing for nursing and therefore these key skills may not be retained in the City.

9.38   In order to meet the accommodation demand from the growing student body, we understand that the University is in discussion with the Council around the delivery of additional bedspaces. In total, the University is seeking to deliver 450 additional bedspaces; 250 of which will be located in Chichester. As stated above their accommodation strategy will result in the loss of 100 bedspaces therefore the net growth will only be 350 bedspaces.

9.39   The 250 increase in bedspaces will effectively address the needs of the additional first years (775/3 years = 258 additional first years) and as they progress to returning students then there accommodation needs will need to be addressed elsewhere. This is particularly important as much of the growth will be in international students who would not otherwise come if they had poorer accommodation choices.

9.40   In addition, the University has recently appointed consultants JLL to undertake a Demand Study drilling into the need for additional accommodation. If this identifies demand, the University will seek to appoint a developer partner to deliver the additional accommodation.

9.41   The reports initial findings suggest that owing to the scale of the market in the City, there is unlikely to be demand from Purpose Built Student Accommodation ("PBSA") providers in the City. It may well resort to the University provided accommodation in order to facilitate their growth plans

9.42   In the absence of additional accommodation coming forward to cater to increased student growth, the inevitability is that demand may increase in the private rented sector in the form of HMOs which in turn could remove larger family-sized accommodation from the market. The recent rapid increase in demand has meant the University has had to provide alternative accommodation for Undergraduates to whom they guarantee accommodation. This has included letting bedspaces from Chichester College.

9.43   Furthermore, research conducted by the Higher Education Statistics Authority shows that the quality of accommodation is an important factor in attracting students, The same research also notes that the current accommodation provision is rated worse than competing universities and thus the University are losing out on potential students.

9.44   As well as the aforementioned nursing, the University also provides degree apprenticeships to Rolls Royce. In addition up to 200 bedspaces in vacant accommodation is rented for 8 weeks during the summertime to accommodate horticultural workers. The University is hoping to expand this facility at their Fishbourne Campus.

9.45   It is also important to the local economy not just through skills and training but the expenditure in local shops and hospitality that the student body provides. Research[19] has estimated this to be around £3,825 per annum and the University believes that it will input over £30million into the local economy per annum if it grows to 7,000 students.

9.46   It is recommended that the Council continue to engage with the University regarding opportunities to provide for additional bedspaces to cater for undergraduate and returning students as the University aims to grow its student population. This is to ensure that demand does not outstrip supply, resulting in unbalanced communities.

9.47   However, the relatively modest growth of 775 students would not necessitate an increase in the overall supply of housing resulting from the standard method, which already builds in a housing growth above demographic trends.

Service Families

9.48   The Framework (paragraph 61) seeks to ensure that the housing needs of different groups are assessed and reflected in planning policies. The paragraph lists various different groups including service families. Military personnel are listed as part of the definition of essential local workers in the Framework under Annex 2.

9.49   The Armed Forces Covenant (May 2011) was published by the Ministry of Defence ("MOD") and describes a moral obligation that the Government and the Nation owe to those who serve or have served in the Armed Forces and to their families. With respect to housing, the Covenant states:

> "In addressing the accommodation requirements of Service personnel, the MOD seeks to promote choice, recognising the benefits of stability and home ownership amongst members of the Armed Forces where this is practicable and compatible with Service requirements, and also that their needs alter as they progress through Service and ultimately return to civilian life. Where Serving personnel are entitled to publicly provided accommodation, it should be of good quality, affordable, and suitably located."

9.50   They should have priority status in applying for Government-sponsored affordable housing schemes, and Service leavers should retain this status for a period after discharge. Personnel may have access to tailored Armed Forces housing schemes or financial arrangements, depending on their circumstances, to help them in purchasing their own property. Those injured in Service should also

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[19] https://www.thisisfresh.com/blog/2020/10/07/student-spending-economy/

have preferential access to appropriate housing schemes, as well as assistance with necessary adaptations to private housing or Service accommodation whilst serving."

9.51   Members of the Armed Forces Community should have the same access to social housing and other housing schemes as any other citizen, and not be disadvantaged in that respect by the requirement for mobility whilst in Service. Government has acted to implement various measures aimed at strengthening the position of ex-military personnel when seeking to access housing and support.

9.52   From 2012, Government revised national guidance to include measures to: set new "priority need" categories to assist homeless ex-service personnel in accordance with the Housing Act 1996; change the rules on local connection to ensure that barriers are removed in accessing social housing; and include ex-military personnel as a priority category in terms of eligibility for certain low-cost home ownership initiatives.

9.53   There has therefore been a national emphasis and obligation to support ex-service personnel in terms of their housing and the rehabilitation care needed to honour the implementation of the Armed Forces Covenant. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. In addition, the MOD Referral Scheme aims to provide low-cost, rented accommodation for service personnel on leaving the Services.

9.54   At a local level, Chichester District Council has its own Armed Forces Community Covenant. The Community Covenant is a voluntary statement of mutual support between the District Council and its local Armed Forces Community. In terms of how the Council intends to uphold the Convent, the Council has said that it will:

- encourage local communities and the Armed Forces community to support each other;
- nurture public understanding and promote awareness of issues affecting the Armed Forces community;
- recognise and remember the sacrifices made by the Armed Forces community; and
- encourage activities which help to integrate the Armed Forces community into local life.

9.55   Our analysis of Census data in Chichester shows that there were 833 residents employed by the armed forces living in the District in 2011. Of this total, 57% were living in a household and 43% were living in a communal establishment. This represented 0.7% of the usual resident population aged 16 and over at the time the Census was carried out.

9.56   Bringing this information up to date, according to the Ministry of Defence ("MoD")[20], there were 1,000 military and civilian personnel stationed in Chichester on 1st April 2020 – almost of all of whom are military personnel. In the District, there is an armed forces base at Thorney Island where Baker Barracks is located. This base hosts the 12th and 16th Regiment Royal Artillery. The Figure below shows how the number of personnel has changed over the period 2012-20.

Table 9.9   - Military and Civilian Personnel, Chichester, 2012-20
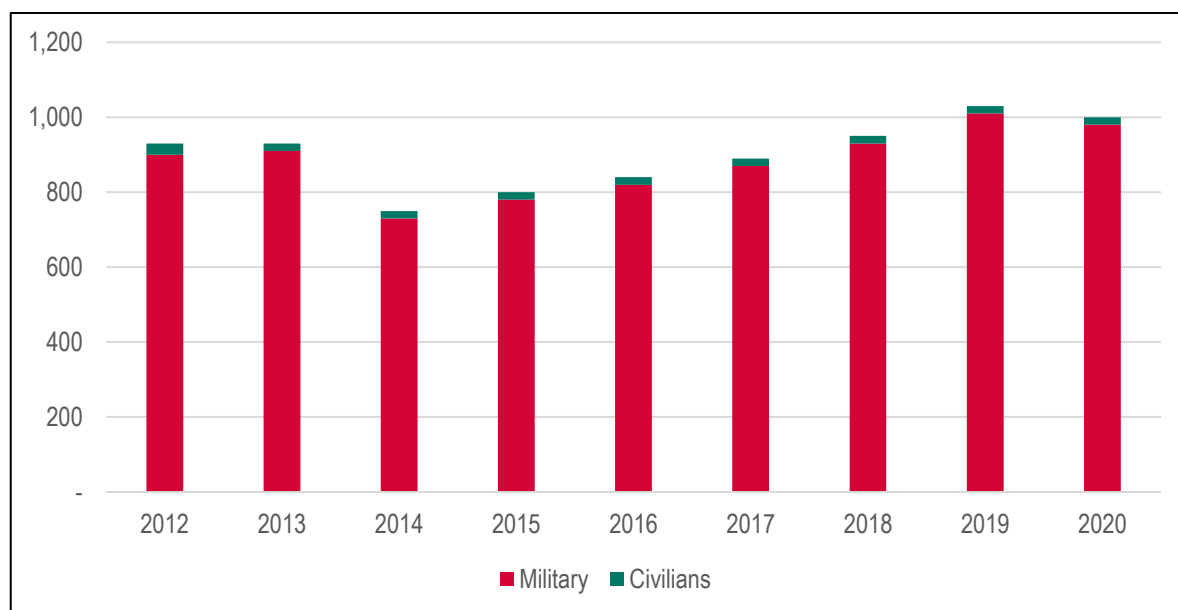
Source: MOD, Annual Personnel Location Statistics, 2021

9.57   Recognising the number of armed forces personnel in the District, in addition to District Council publishing an Armed Forces Community Covenant, the County Council has also developed an Armed Forces Strategy. The Strategy sets out that the County has committed to working with partners to promote the support that is available for service and ex-services people including housing.

9.58   In addition, West Sussex County Council is also part of Forces Connect South East which is a cross-border partnership comprising Surrey, Kent, East Sussex, West Sussex and Hampshire County Councils as well as the NHS. The programme is aimed at making it easier for servicemen and women and their families to access public sector services including housing.

9.59   On the basis of the evidence and steps being taken at District and County level, it is not considered that there is a need for further intervention from the Council in respect of service families.

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[20] MOD, Annual Personnel Location Statistics, 2021

Self and Custom Build

9.60   As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.

9.61   The Chichester Self-Build and Custom Housebuilding Register was introduced for 1st April 2016 and there have now been six full base periods[21] up to 30th October 2021. Since 1st April 2018, the Council has chosen to set a local connection test and require that a fee be paid to join the register. In this instance, the PPG directs the relevant authority to have two parts to their register. All individuals who apply for entry on the register and meet all of the eligibility criteria (including the local connection test) should be entered on Part 1.

9.62   Those who meet all of the eligibility criteria except for the local connection test must be entered on Part 2; however, as per the PPG, Section 2(1) of the 2015 Act places a duty on relevant bodies to have regard to each self-build and custom housebuilding register, including Part 2 of the register (where a register is in two parts).

9.63   The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended) and must have regard to the entries on Part 1 and Part 2 when carrying out their planning, housing, land disposal and regeneration functions. If assessed over the six base periods, there has been a total of 150 registered expressions of interest in a serviced plot of land.

9.64   The Table below provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in Chichester. From 1 July 2018, the Council have had 3 applicants who have been placed on part 2 of the register.

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[21] A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

Table 9.10   Serviced Plot Demand by Base Period in Chichester

	Part 1	Part 2
Base Period 1 (16 August 2015 to 30th October 2016)	31	
Base Period 2 (31st October 2016 to 30th October 2017)	79	
Base Period 3 (31st October 2017 to 30th October 2018)	39	
Base Period 4 (31st October 2018 to 30h October 2019)	0	
Base Period 5 (31st October 2019 to 30th October 2020)	0	
Base Period 6 (31st October 2020 to 30th October 2021)	0	
Total	**149**	**3**

Source: CDC Self and Custom Build Register

9.65   It is worth highlighting that a survey[22] undertaken by YouGov on behalf of the National Custom and Self-Build Association ("NaCSBA") in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority's self-build register may underestimate demand.

Broader Demand Evidence

9.66   In order to supplement the data from the Council's own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.

9.67   First, it is worth highlighting that the recent October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property

9.68   Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Chichester in relative terms. The association has recently published analysis with supporting maps and commentary titled "Mapping the Right to Build" in 2019. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England. One of the key maps within the report highlights the areas of strongest demand and this is shown in the Figure below.

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[22] A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

Table 9.11   Overall Demand for Self-Build Plots per 100,000 of Population
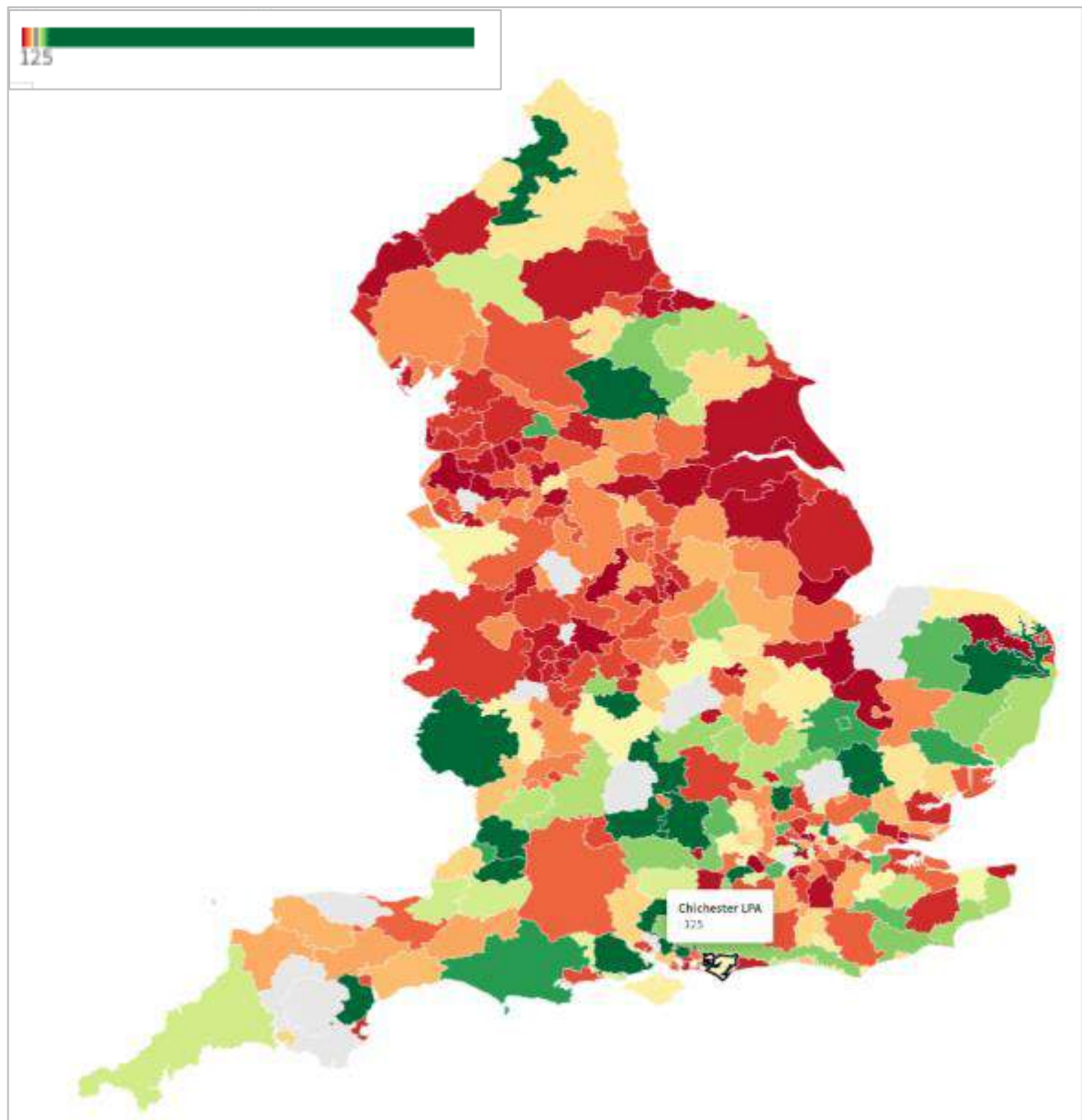
Source: NaCSBA "Mapping the Right to Build," 2020

9.69   The map reflects register data from local authorities across the country with Chichester clearly highlighted. The map demonstrates that Chichester has mid-levels of demand per 100,000 of the population. The data which sits behind the map states that there is demand from 125 persons per 100,000 in Chichester which places the City in the top half of authorities in England.

Supporting the Self-Build and Custom Housebuilding

9.70   It is clear that there is demand for self-build and custom housebuilding serviced plots of land in Chichester as over the last five base periods, there has been at total of 150 entries. Set in context, data from NaCSBA research indicates that demand is mid-level with 125 individuals per 100,000 of the population on the register.

9.71   The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG[23] is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.

9.72   There are a number of measures which can be used to do this, including but not limited to:

- supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans;

- working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing; and

- when engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;

- working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.

9.73   The Chichester Local Plan adopted in July 2015 is silent on self-build and custom build housing. Iceni would note that an increasing number of local planning authorities have adopted specific self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that paragraph 11(d) of the Framework is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application.

9.74   A specific policy would typically express support for self-build and custom housebuilding and require that a minimum proportion of plots within development schemes (often over a certain size) are offered to self-builders or as custom-build plots and/or allocation of sites solely for the use. This is often known as the "Teignbridge Rule" after the first District Council to adopt the first self-build policy. In this instance, 5% of all developable housing land is allocated for custom and self-build on larger sites.

9.75   Iceni consider that in order to respond to demand in the sector, and in response to the PPG's requirements, the Council should support, through planning policy, the submission and delivery of

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[23] Paragraph: 025 Reference ID: 57-025-20210508

self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

Summary

Homeless Households

9.76   Chichester has had an average of 67 households owed a prevention (threatened with homelessness) or relief (actually homeless) duty each quarter since 1st April 2018. To put this in context, this equates to 1.2 households per every 1,000 households in Chichester, compared with 2.5 in the South East and 2.9 across England.

9.77   Numbers are increasing in comparison to long term trends although they have fallen significantly over the period from June 2018 to December 2020.

9.78   There is a significant overlap in the group presenting themselves as homeless and those with mental health problems, physical disabilities, drug and alcohol dependencies as well as other support needs.

Students

9.79   The University of Chichester is a rapidly growing University both in terms of student roll and reputation. The University is at the beginning of a process called Project Cornerstone which will see the University grow its current full-time student numbers from 4,400 in 2020 to around 6,000 by 2025/26 and beyond this to 7,000 students.

9.80   In order to meet the accommodation demand from the growing student body the University is seeking to deliver 450 additional bedspaces; 250 of which will be located in Chichester. The University is also undertaking a Demand Study drilling into the need for additional accommodation and will act on its findings.

9.81   It is recommended that the Council should continue to engage with the University regarding opportunities to provide additional bedspaces to cater for Undergraduates and other year groups. This is to ensure that demand does not outstrip supply, resulting in unbalanced communities.

9.82   This is also important to the local economy and the wider goals of improving affordability will also help retain more students.

Service Families

9.83   According to the Ministry of Defence there were 1,000 military and civilian personnel stationed in Chichester on 1st April 2020 – almost of all of whom are military personnel.

9.84   On the basis of the evidence and steps being taken at District and County level, it is not considered that there is a need for further intervention from the Council in respect of service families.

Self and Custom Build

9.85   The Council is required to grant sufficient planning permissions to meet the demand identified on their Custom and Self-Build Register

9.86   Over the six base periods, there has been a total of 150 registered expressions of interest in a serviced plot of land. And from 1 July 2018, the Council have had 3 applicants which have been placed on part 2 of the register. This averages around 25 per annum

9.87   In addition we can draw on NaCSBA data to better understand the level of demand for serviced plots in Chichester in relative terms. The data shows that Chichester has mid-levels demand of 125 persons per 100,000 of the population.

9.88   Iceni consider that in order to respond to demand in the sector, and in response to the PPG's requirements, the Council should support, through planning policy, the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

10.   COMMERCIAL PROPERTY MARKET

10.1   This chapter provides an assessment of the commercial property market in Chichester District. It is split into two sections – one on the office market and one on the industrial market (where industrial refers to general industrial, light industrial and warehousing).

10.2   The analysis uses CoStar data – one of the UKs largest providers of commercial property data. Valuation Office Agency data has also been used which provides the best indication of the amount of commercial floorspace in the area.

Office

10.3   This section provides an assessment of Chichester District's office market. This will be used to inform the scale and type of future need which is identified later in this report.

UK Office Market Overview

10.4   CoStar report that "increasing optimism surrounding the vaccine rollout and the economic recovery has resulted in a pick-up in office leasing in recent months. Office take-up reached its highest level in more than two years in the third quarter of 2021. September was particularly busy, with firms increasingly pressing the button on moves as they decide upon space needs in a post-pandemic world."

10.5   However, "the overall demand picture remains subdued" in comparison to pre-pandemic levels with negative net absorption (increasing occupier move-outs) for the sixth quarter in a row as businesses continue to release space. Combined with continued strong net deliveries, this has led to a continued increase of the national vacancy rate, "nudging above 6% for the first time in three years". Furthermore, there is a significant amount of under construction space, much of which is due to be delivered in the next 18 months. Assuming subdued levels of demand continue, this will cause vacancy rates to rise further.

10.6   CoStar go on to state that "Office asking rents tend to be quite slow to respond to downturns, but the effects of falling demand and rising vacancy are now coming through. Annual rent growth currently stands at -0.3%, with further losses likely in the next couple of years. Prime buildings should outperform secondary ones as firms pivot to better-quality, well ventilated space—to attract staff and welcome clients—even if they take less space overall amid a more permanent rise in home working. This could lead to the accelerated removal of older stock."

South Coast Office Market Overview

10.7 CoStar define a number of distinct office markets across the UK. Chichester falls within the South Coast Office Market which can be seen in the map below. Note that this is different from the Functional Economic Market Area.

Table 10.1 South Coast Office Market Area

Source: CoStar

10.8 With regards to the South Coast office market, CoStar report that the pandemic brought activity to a near standstill, halting 2019's momentum and bringing widespread uncertainty for both occupiers and investors. They go on to state that, "while the impact of the coronavirus on South Coast's office market remains unclear, the eventual outcome rests on how businesses weather the storm and how government policy responds to the ongoing pandemic."

10.9 CoStar also report that, "Prior to the pandemic, South Coast's office sector had strong momentum and was riding a wave of optimism. Confidence was running high on the back of strong demand from professional and business and TMT [Technology, Medial and Telecommunications] firms and co-working providers. Owners were having little trouble finding tenants amid restricted availability, and a lack of speculative construction and office-to-residential conversions were helping to drive vacancies down near historic lows."

Chichester Office Stock

10.10 The VOA[24] provide information on the amount of office floorspace by administrative area. In Chichester at the end of FY 2019/20, there was 102,000 sqm of office floorspace in total. This makes

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[24] VOA: Non-domestic rating: stock of properties including business floorspace, 2019

up 10% of total floorspace across West Sussex. This suggests that Chichester has a moderately sized office market within the context of West Sussex (Crawley is the main office market with 367,000 sqm of office floorspace). However, Chichester is a small-medium sized office market within the context of the South East with around 1% of the region's office floorspace.

10.11   CoStar suggests that Chichester had 117,534 sqm of office floorspace at the end of Q1 2020 which is 15% higher than the VOA data suggests. This difference is due to a number of reasons including that the definition of office space used by CoStar differs to that used by the VOA and the fact that data is collected in a different manner by each organisation. CoStar suggests that the amount of office floorspace in Chichester has decreased to 117,127 in 2021 to date. Iceni recommends using VOA data for total volume change for consistency.

10.12   The figure below shows the amount of floorspace in Chichester between 2000/01 and 2019/20. It can be seen that the amount of office floorspace in Chichester has remained relatively stable since 2003/04, after a decline of 18,000 sqm between 2002/03 – 2003/04. However, over the last 10 years there has been a slight increase in office floorspace, of about 6,000 sqm.

Table 10.2   – Office Floorspace (2000/01 – 2019/20)
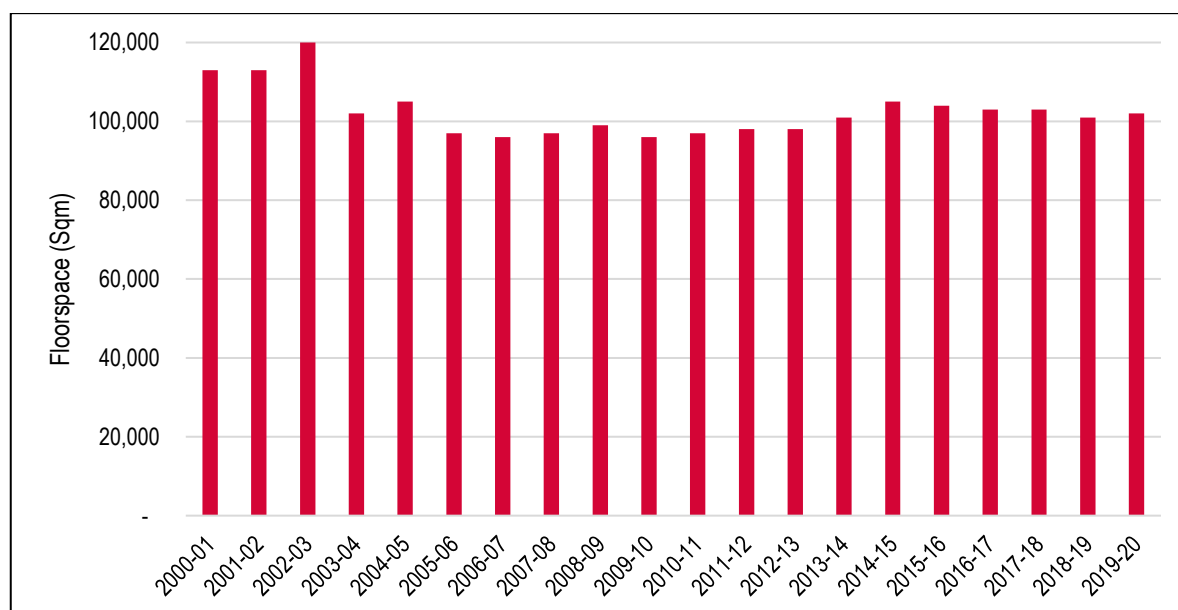
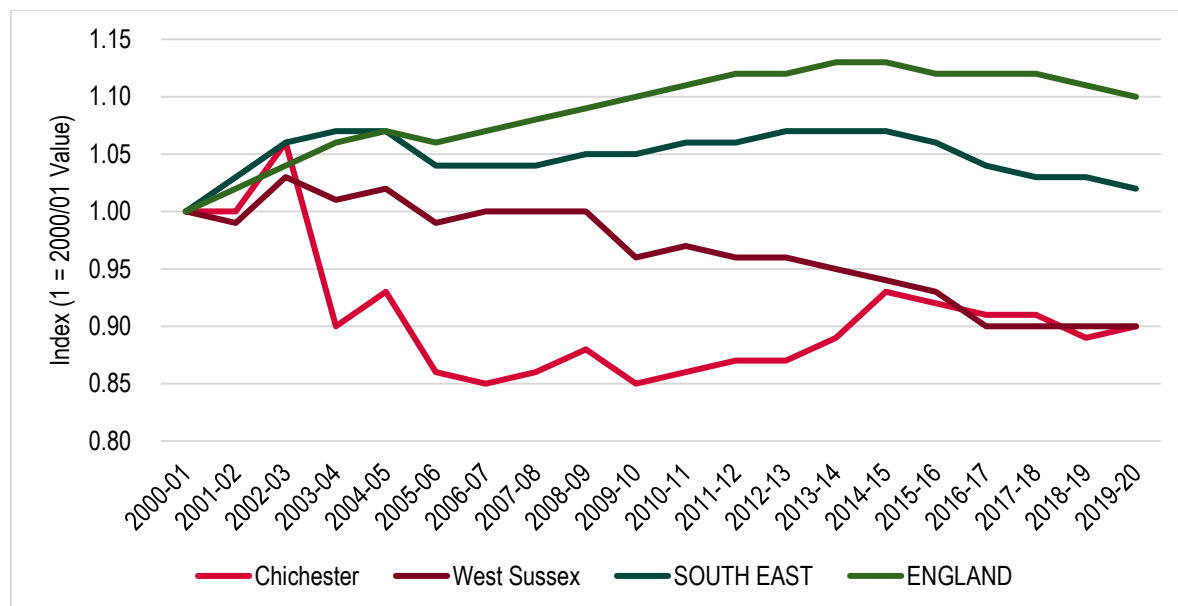*Source: Iceni analysis of VOA data*

10.13   The figure below shows how the amount of floorspace has changed in Chichester relative to the county, the region and England. It can be seen that over the last 20 years both Chichester and West Sussex have seen an overall decline in office floorspace unlike England and, to a lesser extent, the South East which have seen growth.

10.14   Chichester bucks the trends of decline/stability seen across the comparator areas over the last 10 years. However, over the last 5 years Chichester has seen similar levels of decline to that observed across the comparator areas.

Table 10.3   - Indexed Office Floorspace Change (2000/01 – 2019/20)

Source: Iceni analysis of VOA data

Conclusions

10.15   Chichester has a relatively small office market which has remained stable in size since 2002/03. However, in the last 5 years the amount of office floorspace in Chichester has been shrinking at a similar rate to West Sussex, the South East and England as a whole.

Overall Supply-Demand Balance – Chichester Office Market

10.16   The overall supply-demand balance has been assessed by looking at headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, demand and supply have also been assessed by looking at net absorption and net deliveries.

Vacancy Rates

10.17   The figure below shows how the vacancy rate in Chichester has changed over time compared to the wider CoStar market (the South Coast) and the UK. In November 2021 the vacancy rate in Chichester stood at 5.5%. This is a moderate vacancy rate when compared to the extreme lows observed between 2009 and 2015 and the higher rates observed in 2018 and 2019. However, it should be noted that the vacancy rate observed between 2009 and 2015 may be based on erroneous data.

10.18   The current vacancy rate in Chichester is similar to the South Coast rate and slightly below the UK rate. The current vacancy rate is slightly below the historic (2009-2021) for the South Coast (5.9%) and further below the historic rate for the UK (7.4%).

10.19 This suggests that the market is not oversupplied but neither is it particularly constrained. However, if the vacancy rate were to fall any further the market may become undersupplied. However, the vacancy rate has been increasing since 2015 and the 2020-21 data should be treated with caution considering wider trends office market usage due to working from home requirements in the pandemic.

Table 10.4   - Vacancy Rate
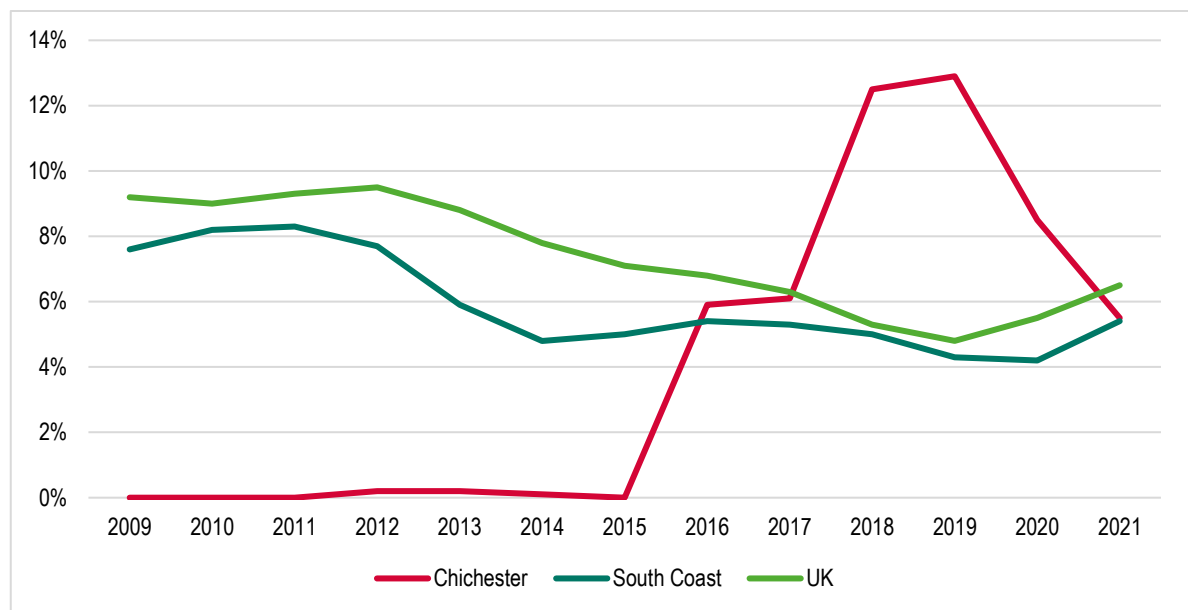
Source: Iceni analysis of CoStar data

Demand and Supply Indicators

10.20 CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).

10.21 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).

10.22 The figure below shows net absorption, net deliveries and their resulting impact on vacancy rates in Chichester. It can be seen that net absorption has been highly variable over the last 13 years. Between 2016 and 2019 net absorption was negative each year with 2016 and 2018 being significantly negative. Since then, 2020 and 2021 to date have both seen significant positive net absorption indicating high levels of demand – although these figures should be treated with caution given the Covid-19 pandemic as noted above.

10.23   There has been limited net deliveries of office floorspace in Chichester aside from in 2018 when there were net deliveries of nearly 4,000 sqm. Since then, there have been small losses of floorspace.

Table 10.5   - Net Absorption, Net Deliveries and Vacancy Rates
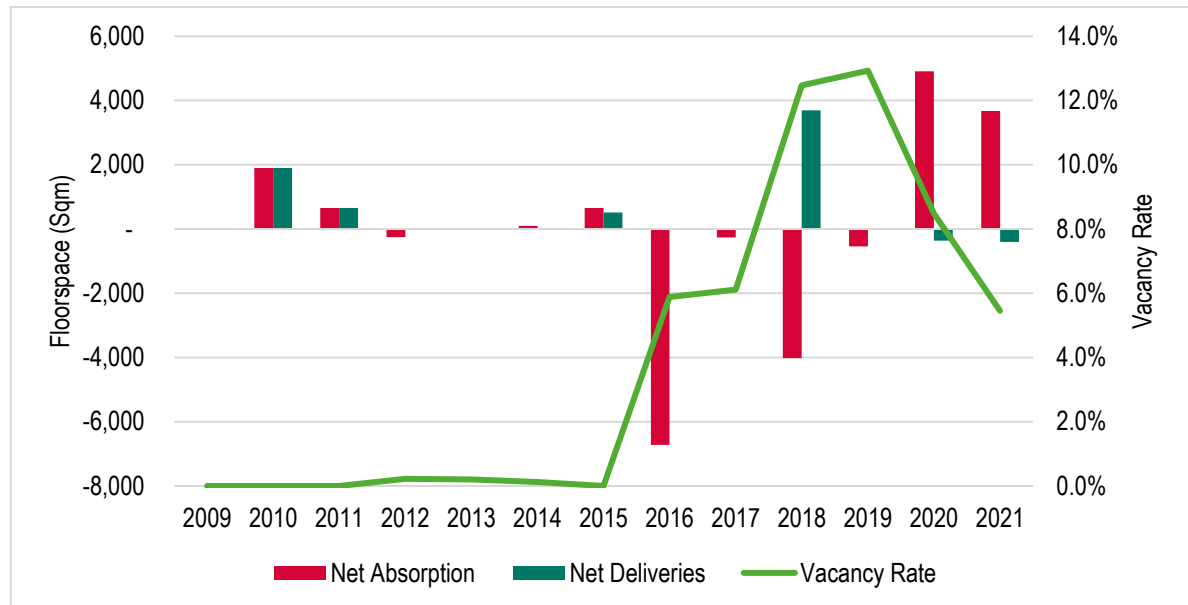
Source: Iceni analysis of CoStar data

10.24   Negative net absorption between 2015 and 2019 (and strong net deliveries in 2018) rapidly increased the vacancy rate and by 2019 the market was oversupplied. However, strong net absorption in the last 2 years (perhaps supported by a lack of new-build) led to a declining vacancy rate and presently the supply-demand balance is at a healthy level of 5.5%.

10.25   It should be noted that there is no pipeline supply (i.e. under construction or proposed) office space in Chichester according to CoStar. Therefore, if net absorption remains positive in the coming years the vacancy rate will continue to fall leading to a more constrained market. However, future demand is highly uncertain.

Rents

10.26   The figure below shows how average rental prices in Chichester have changed over time compared to the wider CoStar market (the South Coast) and the UK. In November 2021, the average office rental price stood at £15.21 per sq. ft. This is slightly lower than for the South Coast as a whole which were £15.86 per sq. ft. This is significantly below the average for the UK which stood at £27.21 per sq. ft. However, this is heavily influenced by London and other major cities and is therefore not a good comparator.

10.27   Rent growth in Chichester has very closely tracked the South Coast since 2009 with growth of 10% and 14% respectively. This is much lower than the 37% growth seen across the UK. However, since 2013, growth in Chichester (25%) and the South Coast (29%) has been more closely aligned with

that across the UK (31%). Furthermore, over the last 5 years rent growth have grown by 5% and 6% across Chichester and South Coast respectively compared to just 2% across the UK.

10.28 Overall, rent growth in Chichester has been relatively weak and low prices could limit viability.

Table 10.6 - Average Rental Price (£ per Sq. ft)
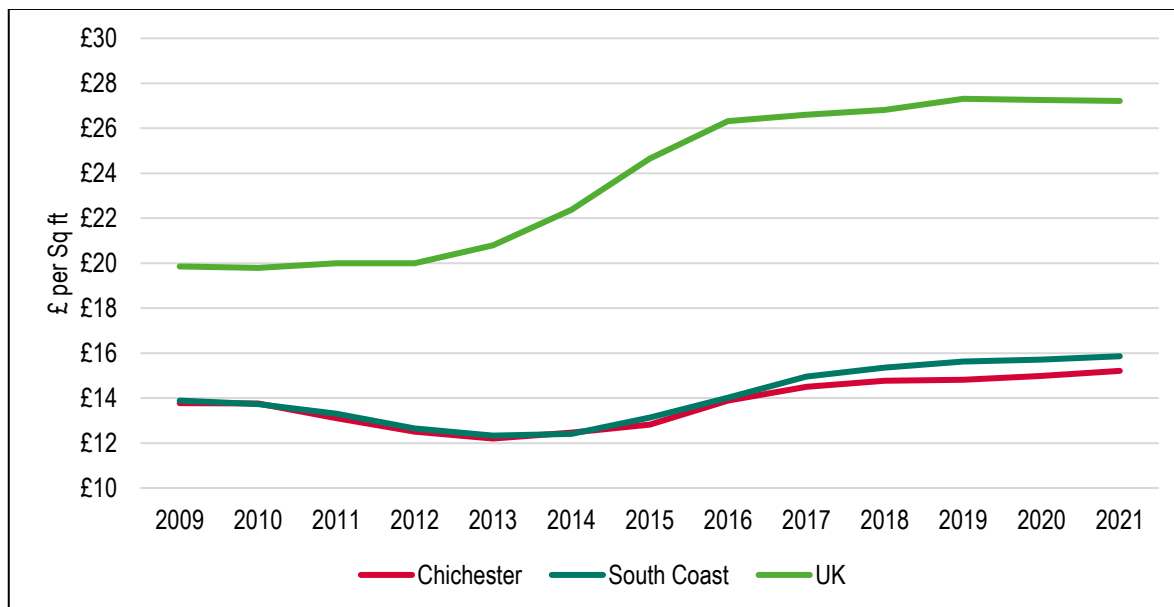
Source: Iceni analysis of CoStar data

10.29 Over the last 12 years, there has not been a relationship between vacancy rates and rents in Chichester. However, rapidly decreasing vacancy rates over the last 2 years have coincided with 3% rent growth (compared to just 2% and 0% across the South Coast and UK respectively) and a continued fall in vacancy rates could push up rents further. Despite recent growth in rents Chichester still remains a relatively affordable office market.

Conclusions

10.30 Chichester's office market is not oversupplied but neither is it particularly constrained. However, if the strong demand observed over the last 2 years continues the market may become undersupplied, unless new floorspace is delivered. CoStar data suggests that deliveries are unlikely given there is no floorspace under construction or proposed.

10.31 Similarly, if office space is lost in Chichester (for example, under Permitted Development Rights) the market may also become undersupplied.

10.32 Average rents in Chichester are relatively low. This makes office property affordable but may limit the viability of construction which would normally require £20 psf for speculative build.

Supply-demand Balance by Quality and Age

10.33   It is important to understand if overall vacancy rates are reflected when considering vacancy rates for stock of varying quality/age. It is particularly important to understand vacancy rates in high quality stock as this provides a good indicator of demand for new, high quality stock.

10.34   The figure below shows the vacancy rate for office stock by quality (in terms of CoStar's Building Rating System[25]). It can be seen that the vacancy rate for 1-star property is 0% suggesting that any very low-quality space in the district is well utilised and should not be lost unless absolutely necessary (especially given that there is little 1-star stock in the District.

10.35   The vacancy rate for 2-star property is also lower than the overall rate further making the case that there is demand for lower quality (and more affordable) office stock in the Chichester.

10.36   The highest vacancy rate is in the 3-star category in which around two thirds of floorspace lies. There is no vacant 4-star space and no 5-star space whatsoever. This may suggest that the upper end of the market is constrained, and in theory any new, high quality space is likely to be taken-up. However, the complete lack of 5-star space and limited amount of 4-star space is likely to suggest that there is simply not the market for top-end space in Chichester. Overall, the level of demand for higher end office space is uncertain.

Table 10.7   **Vacancy Rate by Star Rating**

Star Rating	Vacant Space (Sqm)	Total Space (Sqm)	Vacancy Rate
1	-	1,885	0.0%
2	1,373	34,135	4.0%
3	5,012	79,825	6.3%
4	-	1,283	0.0%
5	-	-	-
Overall	6,385	117,127	5.5%

Source: Iceni analysis of CoStar data

10.37   The figure below shows the vacancy rate for office stock by age band. It can be seen that vacancy rates are extremely high for property built/renovated from 2015-2019 (and 2020). This suggests that the demand for new property is not massive. Whilst to some extent this may reflect the time needed for new build space to be taken-up, availability rates are also extremely high in these age bands.

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[25]   The Building Rating System is explained here - https://www.costar.com/docs/default-source/brs-lib/costar_buildingratingsystem-definition.pdf?sfvrsn=12a507a4_2

Table 10.8   Vacancy Rate by Age

Age Band	Sum of Vacant SQM	Sum of NIA SQM	Vacancy Rate
Pre 1940	1,116	47,606	2.3%
1940-1959	-	2,018	0.0%
1960-1979	2,397	18,370	13.1%
1980-1999	63	26,497	0.2%
2000-2009	1,119	13,917	8.0%
2010-2014	159	2,890	5.5%
2015-2019	910	5,117	17.8%
2020	621	711	87.4%
Overall	6,385	117,127	5.5%

Source: Iceni analysis of CoStar data

Conclusions

10.38   The demand for higher quality office space in Chichester is uncertain. However, the limited top end space in Chichester is fully occupied. Demand for new space seems to be limited in Chichester and on recent evidence it may take time to fill.

10.39   However, if recent high levels of demand continue the businesses may be forced to take up high quality/new office space.

10.40   Lower quality office space in Chichester is well occupied and should not be lost unless absolutely necessary.

Demand by Size

10.41   The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by size. Leasing activity differs from absorption in that it refers to the amount of space which is leased (i.e. signed for rather than physically moved in to).

10.42   The figure below shows the amount of leasing activity (sqm) by size band which has occurred over the last 5 years. It can be seen that leasing activity has declined over the last 5 years. This has been due to a lack of transactions for between 500 and 2,000 sqm of floorspace as well as a declining amount of floorspace being leased which is between 100 and 500 sqm. The amount of floorspace leased in the 0-100 sqm category has remained stable.

10.43   It should also be noted that there have been no leases of over 2,000 sqm showing Chichester's office market is focused on small and mid-sized provision.

Table 10.9   - Leasing Activity Over Time by Size Band (Sqm)
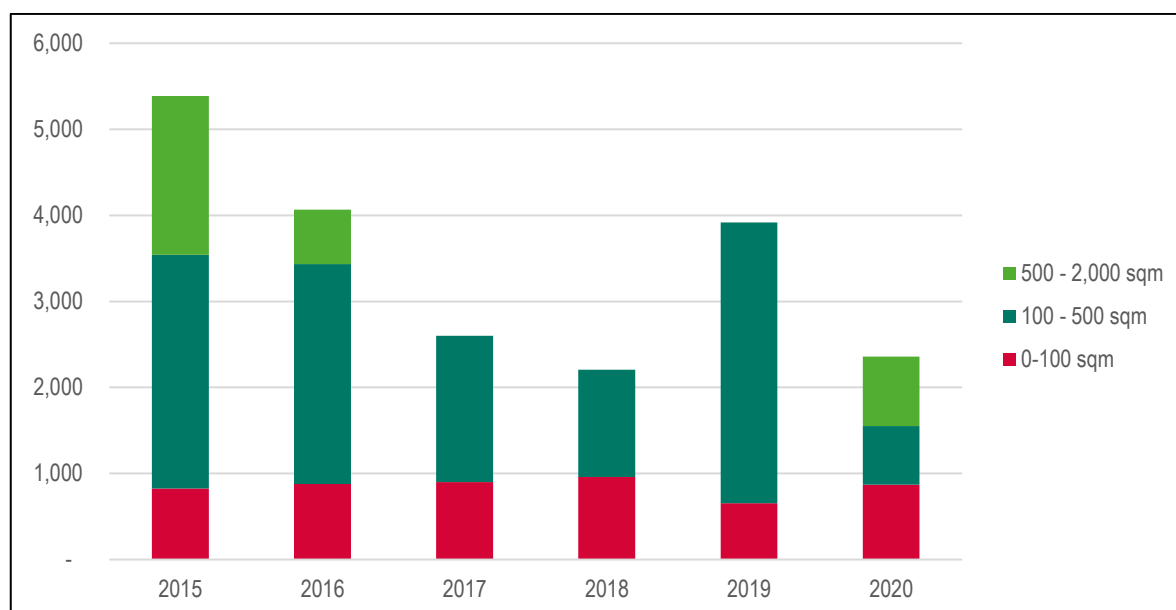
Source: Iceni analysis of CoStar data

10.44   The figure below shows the percentage of leasing activity by size band in the last year and over the last 5 years. It can be seen that over the last 6 years, over half of floorspace leased was between 100-500 sqm in size. However, in 2020 alone this dropped to under a third and the amount of floorspace leased of between 0-100 and 500-2,000 sqm increased to over a third. Whilst 2020 saw a higher percentage of activity in the 0-100 sqm category this does not reflect increased activity in this size band.

Table 10.10 Percentage of Leasing Activity by Size Band

	0-100 sqm	100 - 500 sqm	500 - 2,000 sqm
2015-2020	25%	59%	16%
2020	37%	29%	34%

Source: Iceni analysis of CoStar data

Conclusions

10.45   Chichester's office market is focussed on small to medium sized provision. There has been steady demand for office space of between 0 and 100 sqm which makes up around a quarter of all leasing activity (in terms of sqm leased). Demand for space from 100-500 sqm and 500 sqm-2,000 sqm is more variable but is likely to make up around half and a quarter of demand respectively (in terms of sqm leased).

Office Market Summary

10.46   The UK office market is recovering from the pandemic but demand still remains subdued in comparison to pre-pandemic levels. Prime offices are likely to be most in demand as firms look for quality over quantity.

10.47   The impact of the pandemic on the South Coast's office market is unclear. However, before the market was strong, particularly due to demand from professional, business, and TMT (Technology, Medial and Telecommunications) firms and co-working providers.

10.48   Chichester has a relatively small office market which has remained stable in size since 2002/03. However, in the last 5 years the amount of office floorspace in Chichester has been shrinking at a similar rate to West Sussex, the South East and England as a whole.

10.49   Chichester's office market is not oversupplied but neither is it particularly constrained. However, if the strong demand observed over the last 2 years continues the market may become undersupplied, unless new floorspace is delivered.

10.50   The level of demand for high quality office space in Chichester is uncertain but there is no evidence to suggest that the demand for prime space identified at a national level does not exist in the district.

10.51   Lower quality office space in Chichester is well occupied and should not be lost unless absolutely necessary.

10.52   Chichester's office market is focussed on small to medium sized provision. Around half of space demand is likely to come from the 100-500 sqm category with the 0-100 sqm categories and 500-2,000 sqm categories making up around a quarter each.

10.53   Overall, the vacancy rates of 5.5% indicate current supply-demand position is neutral and hence no significant adjustments need to be made to future floorspace needs modelling later in this report to address this specifically.

Industrial

10.54   This section provides an assessment of Chichester's industrial market. This will be used to inform the scale and type of future need which is identified later in this report. The industrial market includes both factories and warehouses.

UK Industrial Market Overview

10.55   CoStar report that "industrial demand conditions have rarely been stronger. The accelerated shift to e-commerce brought about by the pandemic has fuelled the expansion of retailers and third-party logistics firms, while the UK's exit from the EU single market and customs union is leading to increased inventory holding, resulting in the need for additional warehousing. At the same time, a diverse mix of other industrial-using businesses including modular housebuilders, lithium-ion battery makers, data centre operators and film production companies are competing for a relatively limited supply of stock."

10.56 They go on to state that, "Developers are responding with record amounts of new construction, though there is virtually no risk of overbuilding" as requirements outweigh pipeline supply by around a third (and two thirds of pipeline supply is pre-let).

10.57 They also state that historically low vacancy rates and strong occupier demand have fuelled accelerated rent growth in recent months. This means that industrial rents have grown faster than for other major property types, such as offices and retail, meaning investor appetite is at an all-time high.

South Coast Industrial Market Overview

10.58 CoStar defines a number of distinct industrial markets across the UK. Chichester falls within the South Coast Industrial Market which can be seen in the map below. Note that this is different from the Functional Economic Market Area.

Table 10.11 - South Coast Industrial Market Area

Source: CoStar

10.59 CoStar report that "the South Coast has a significant industrial property market. The market has one of the largest industrial inventories in southern England, one of the largest urban conurbations, and good connectivity by road, rail, air and sea. Its location at the western end of the M3 and M27 corridors makes it a key industrial and logistics hub. Portsmouth and Southampton port container terminals are also located in the market. The latter is the UK's second-largest container terminal and one of the 15 busiest container ports in Europe".

10.60 CoStar go on to report that the market was strong prior to the pandemic and has experienced minimal COVID-19 related impacts. A sustained positive demand/supply balance has caused the vacancy rate to decline from 8% in 2012 to 2.7% in November, despite a wave of construction in recent years.

This demand has been for logistics space in particular. However, a significant amount of further space is under construction, half of which was still available going into Q4 2021, which should increase vacancies in the short term.

Chichester Industrial Stock

10.61   The VOA[26] provide information on the amount of industrial floorspace by administrative area. In Chichester at the end of FY 2019/20, there was 504,000 sqm of industrial floorspace in total. This makes up 15% of total floorspace across West Sussex. This suggests that Chichester has a moderately sized industrial property market in the context of West Sussex. Crawley has the largest industrial market in West Sussex with 703,000 sqm of space. However, in the context of some other authorities on the south coast which have over 1,000,000 sqm of industrial space, Chichester's industrial market is small to medium sized.

10.62   CoStar suggests that Chichester had 375,021 sqm of industrial floorspace at the end of Q1 2020 which is 26% lower than the VOA data suggests. This difference is due to a number of reasons including that the definition of industrial space used by CoStar differs to that used by the VOA and the fact that data is collected in a different manner by each organisation. CoStar suggests that the amount of industrial floorspace in Chichester remained the same in November 2021.

10.63   The figure below shows the amount of floorspace in Chichester between 2000/01 and 2019/20. It can be seen that the amount of industrial floorspace in Chichester grew significantly (by 116,000 sqm) over the last 20 years. However, 41% of this growth took place between 2000/01 and 2002/03 and since then growth has been steadier. Over the last 5 years, the amount of industrial floorspace has remained stable.

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[26] VOA: Non-domestic rating: stock of properties including business floorspace, 2019

Table 10.12 - Industrial Floorspace (2000/01 – 2019/20)
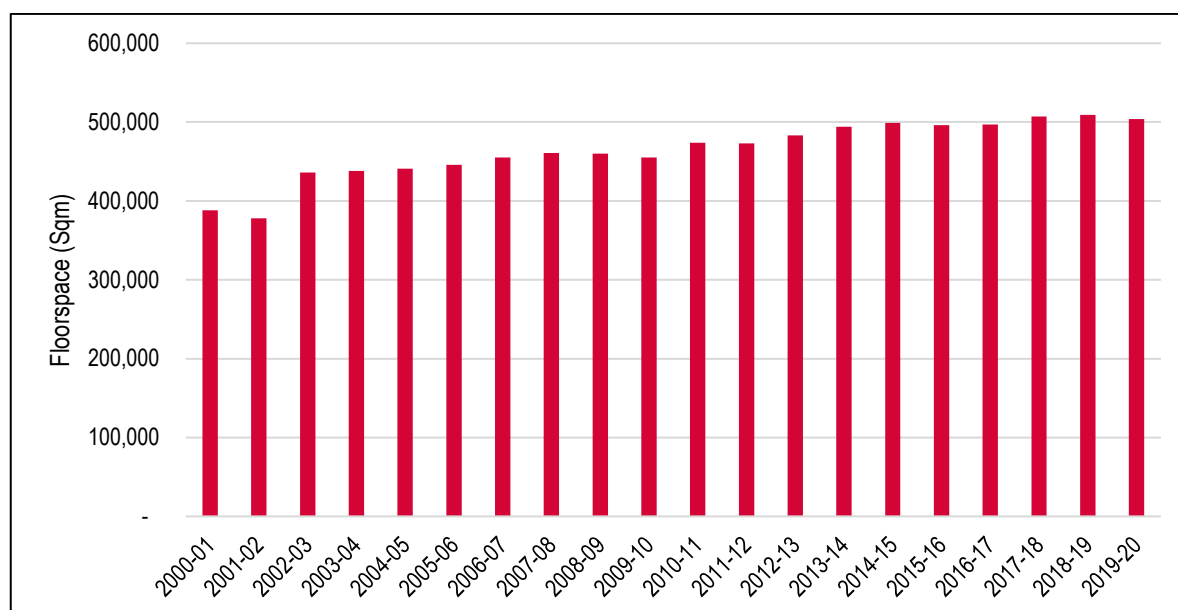
Source: Iceni analysis of VOA data

10.64   The figure below shows how the amount of floorspace has changed in Chichester relative to the county, the region and England. It can be seen that industrial floorspace growth in Chichester has significantly outstripped that seen across West Sussex and the South East whilst England as a whole has seen a loss of floorspace over the last 20 years. Growth in Chichester has also been strong when just considering the last 10 years.

Table 10.13 - Indexed Industrial Floorspace Change (2000/01 – 2019/20)
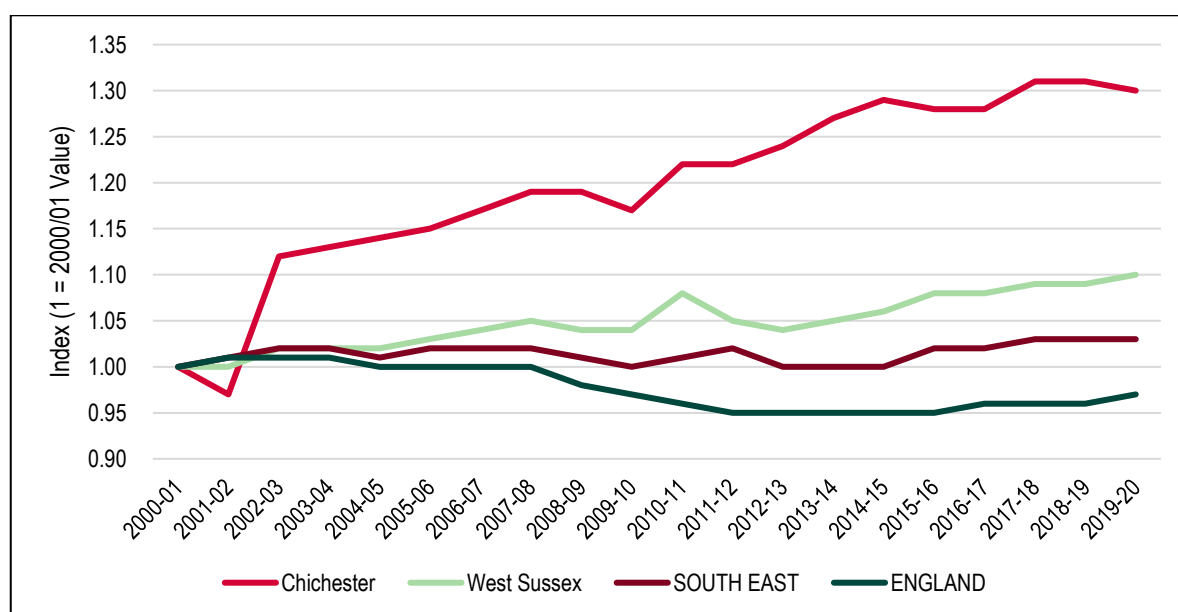
Source: Iceni analysis of VOA data

Conclusions

10.65   Chichester's industrial market has grown rapidly over the last 10 years and is now a mid-sized market which makes an important contribution to the industrial market of West Sussex and the South East.

Overall Supply-Demand Balance –Chichester Industrial Market

10.66   The overall supply-demand balance has been assessed by looking at headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, demand and supply have also been assessed by looking at net absorption and net deliveries.

Vacancy Rates

10.67   The figure below shows how the vacancy rate in Chichester has changed over time compared to the wider South Coast market and the UK. The current (November 2021) vacancy rate in Chichester is extremely low at just 0.4%. This is due to a sharp decline from a peak of 7.1% in 2018. The vacancy rate in Chichester is even lower than the historic lows seen across the South Coast and the UK as a whole. This suggests that Chichester's industrial market is extremely undersupplied at present.

10.68   It should be noted that the vacancy rate observed between 2009 and 2015 is likely to be due to increased stock coming into the market and being re-absorbed.

Table 10.14 - Vacancy Rate – Chichester (2009-21)

Source: Iceni analysis of CoStar data

Supply and Demand Indicators

10.69   CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the

strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).

10.70   A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).

10.71   The figure below shows net absorption, net deliveries and their resulting impact on vacancy rates in Chichester. It can be seen that net absorption has been positive in 12 of the last 13 years and each of the last 5 years. 2019 in particular so significant levels of positive net absorption but 2020 and 2021 saw the 4th and 5th highest levels of net absorption in the last 13 years.

Table 10.15 - Net Absorption, Net Deliveries and Vacancy Rates
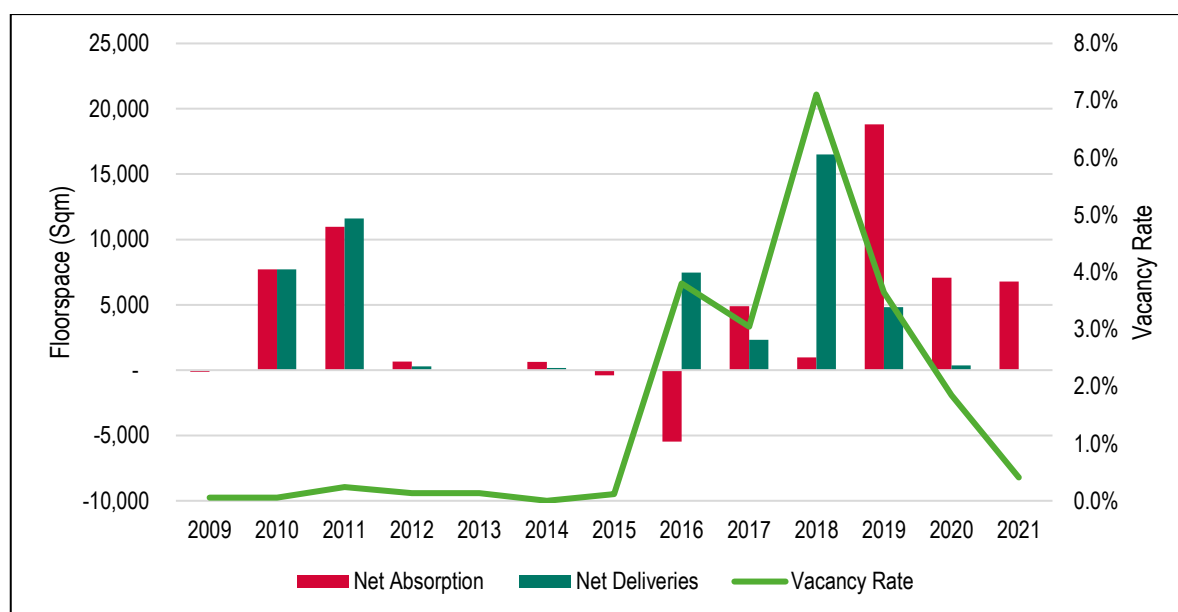
Source: Iceni analysis of CoStar data

10.72   Net deliveries have been strong, keeping pace with net absorption until 2019. This led to rising vacancy rates between 2015 and 2018. However, between 2019 and 2021 net deliveries have been low and have not kept pace with strong net absorption leading to a plummeting vacancy rate.

Rents

10.73   The figure below shows how average rental prices in Chichester have changed over time compared to the South Coast and the UK. At present (November 2021), the average rental price in Chichester is 9.28 per sq. ft. This is above the South Coast average and even further above the UK average and has been for each of the last 13 years. This shows the desirability of industrial space in

Chichester which may reflect the area's good links to south coast ports and London (and potentially historic low vacancy levels).

Table 10.16 - Inflation Adjusted Average Rental Price (£ per Sq. ft)
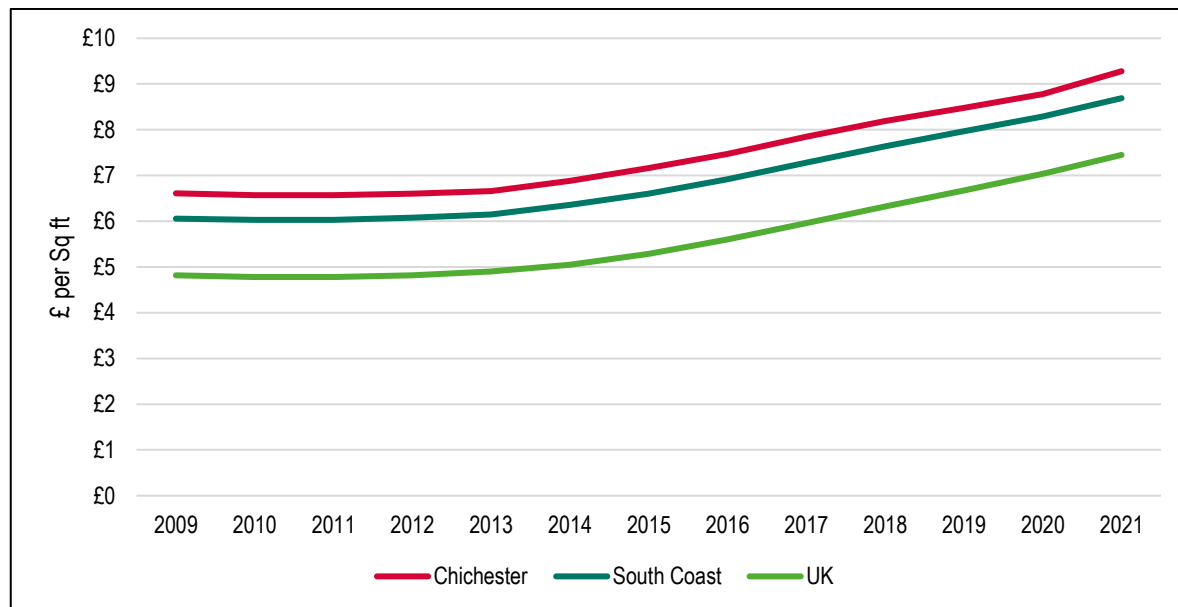
Source: Iceni analysis of CoStar data

Conclusions

10.74   Chichester's industrial market is extremely undersupplied. This is due to both strong recent demand and low levels of delivery.

10.75   Rents are very strong in Chichester reflecting the area's strategic location (and potentially historically low vacancy rates).

Demand by Size

10.76   The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by size. Leasing activity differs from absorption in that it refers to the amount of space which is leased (i.e. signed for rather than physically moved in to).

10.77   The figure below shows the amount of leasing activity (sqm) by size band which has occurred over the last 5 years. There is no clear trend in leasing activity over time. However, in the year with the most leasing activity (2017), 39% of space leased was over 10,000 sqm in size whilst no leasing in this size band occurred in any other year.

Table 10.17 - Leasing Activity Over Time by Size Band (Sqm)
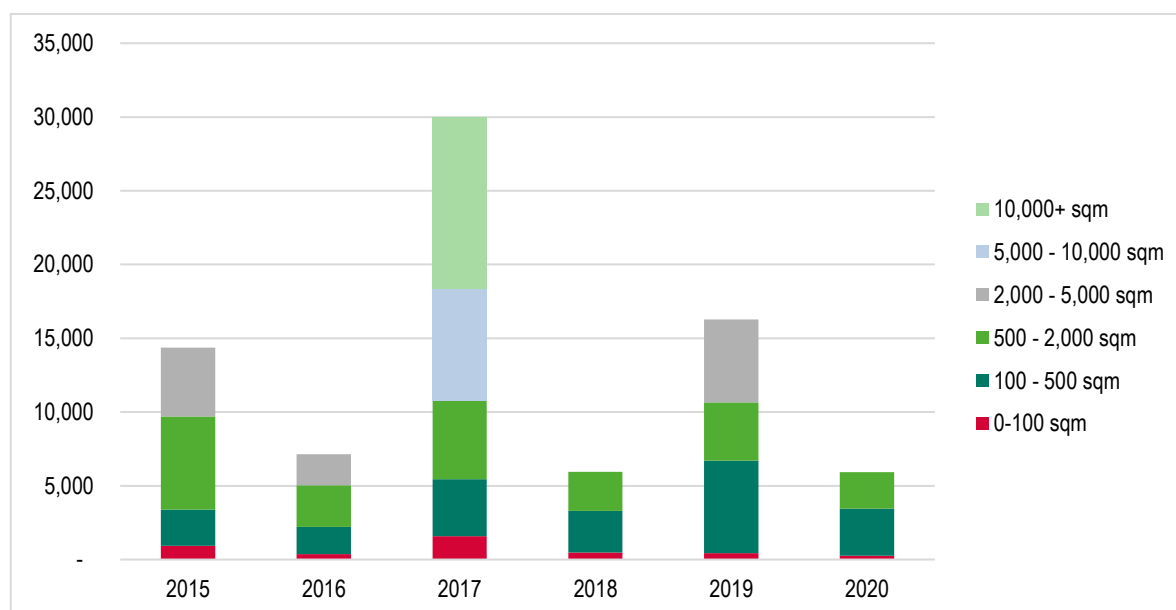
Source: Iceni analysis of CoStar data

10.78   The figure below shows the percentage of leasing activity by size band in the last year and over the last 5 years. It can be seen that there was no leasing of space above 2,000 sqm in 2020 and the majority of leasing activity has been between 100 and 2,000 sqm. However, when considering the last 6 years, leasing is more evenly distributed across all size bands even though over half of space leased was between 100 and 2,000 sqm.

Table 10.18 Percentage of Leasing Activity by Size Band

Age Band	0-100 sqm	100 - 500 sqm	500 - 2,000 sqm	2,000 - 5,000 sqm	5,000 - 10,000 sqm	10,000+ sqm
2015-2020	5%	26%	30%	16%	10%	15%
2020	4%	54%	42%	0%	0%	0%

Source: Iceni analysis of CoStar data

Conclusions

10.79   There is historic demand is for industrial space of all sizes in Chichester, however over half of demand is for floorspace of between 100 and 2,000 sqm. The overall demand is quantified later in this report.

Engagement

10.80   We have also engaged with the Council Economic Development Officer to get a qualitative understanding of the economy and the commercial property market and its likely direction of travel.

Industrial

10.81   There has also been some investment in industrial uses. The St James Industrial estates has had £6m investment to increase floorspace and to ensure the vitality and viability of local businesses. The development will see 30 new units as well as refurbishment of the existing stock with a combined additional floorspace of 600 sqm.

10.82   There is some demand for industrial and warehouse stock. The former day care facility at the Glenmoor site on the A27 is being converted to industrial units. There is also investment in the north of the city or help meet demand.

Rolls Royce

10.83   As the major employer in the area, it is worthwhile understanding the position of Rolls Royce. However, the company is fairly guarded when it comes to their plan and so their overall position is unclear.

10.84   However, the Council understand that the company wish to significantly expand its facilities in Goodwood. This would allow them to meet the demand in the South East Asian market as well as facilitate their intended switch to electric vehicles.

10.85   The majority of their workforce are still in Goodwood although there is a shift towards their Bognor Regis facility in recent years.

10.86   The company is extremely important to the local economy and it is vital that their growth is facilitated or they risk losing production to elsewhere in Europe.

10.87   While they have signified a need for larger facilities, this would not necessarily translate to additional employment. The additional facilities are to promote employee welfare but also facilitate a shift towards automation. There may well be shift towards engineers and robotics programmers but as a luxury brand there will always be an element of hand crafted components.

Horticulture

10.88   There is also a level of automation happening the horticultural sector as Covid and Brexit have hampered seasonal supply of labour. This also effects the hospitality sectors as non-British workers returned to their home countries during the pandemic and have not returned and domestic workers have found more stable employment in other sectors.

10.89   The local MP has been lobbying for a reduction in the wage threshold for a visa for seasonal workers. Local employers are also promoting staff retention through better pay and facilities. One horticultural grower is seeking to build their own accommodation block for staff.

Hospitality

10.90   The hospitality industry is struggling for waiting and kitchen staff. Despite this a number of the voided retail units on the high street are being transferred to food and drink establishments.

10.91   The retail sector has also been impacted by the pandemic as it has been nationally. The largest closure in the City is Next although their unit has been taken up by New Look, who have voided their previous unit.

10.92   In addition, the Southern Gateway site in the City Centre is a mixed use development which also incorporates retail, leisure and accommodation. The Ivy group are also looking to open a new restaurant in the City.

10.93   There has been some interest and actual investment in the district. Co-Communities trading as Bunn leisure have invested in the West Sands Park in Selsey. There is also a proposal for a high end holiday village in the north of the district.

Agency Engagement

10.94   Local agents revealed that the demand for office space is reasonable for a City of Chichester's size but that the city had lost a lot of space to residential through permitted development which has reducing supply

10.95   The agent noted that they had not seen a significant increase in rents until recently and this was brought about by competition due to the reduced supply. They added that there was just one new purpose built office scheme where the Department for Work and Pension had taken a lease at £17-18 per SF.

10.96   In general the agents think that it is getting to the stage were more office space is needed. This is also partly because of the quality of space. There are lots of older stock without parking etc.

10.97   One agent suggested that there were lots of examples of business space being built out as a shell which is then converted to residential after sitting empty. However, they noted that speculative office development was not currently viable given low rents and higher values for residential and industrial.

10.98   The agent noted that much of the demand was from small businesses seeking small office accommodation. There are some serviced premises which have done quite well and demand has held up during the pandemic e.g. Chilgrove (a rural office premises) which has remains well occupied. Larger occupiers particularly for officers are few and far between.

10.99   The agents noted an under supply of industrial space in general. Noting that key sites - Quarry Lane and Terminus Road had a lot of Trade Counters and car showrooms respectively which commanded

high rents. The remaining stock is older and may not be worth re-developing despite there being very low availability.

10.100   There was particularly strong demand for smaller light industrial units (1,000-2,000 sqft) for a range of different types of businesses. Industrial and warehousing is a particular issue. Businesses are looking for reasonable sized and quality warehouse units are likely to find it difficult within the current supply.

10.101   There is also a lack of available land to build a sheds. E.g. Rolls Royce had to go down to Bognor Regis. The lack of available floorspace is also driving up rents. As a result speculative industrial development is attractive particularly for small business units. There has been a lot of land transactions at high prices suggesting developers think demand is there.

10.102   The agents noted that two industrial estates have been taken out of the supply. Eastmead industrial estate now has a consent for housing. However, St James' was demolished a rebuilt with same footprint but only allowing Class E uses. The estate managers are struggling to relocate motor traders meaning business may have to shut down losing half a dozen jobs.

10.103   The agents stated that the Council need to allocate sites to specifically accommodate industrial and logistics uses. There was concern that some employment elements of strategic sites could be lost to residential on viability grounds and the council should be wary of this. They noted that lots of the strategic allocations were in bad places (e.g. in the middle of housing estates).

10.104   Employment allocations within such residential led development are often placed at the back of the site and are less accessible. The advised that they should be at the front of strategic allocations close to main roads etc with visibility.

10.105   B2 and B8 is a particular issue. People looking for reasonable sized and quality warehouse units are likely to find it difficult. Lack of available land to build a shed. E.g. Rolls Royce had to go down to Bognor Regis.

10.106   Fragile infrastructure makes logistics quite difficult in Chichester – very difficult to get East. But there are some logistics companies. E.g. Chichester Food Park. Not a big shed market. Have been promised new infrastructure but not forthcoming. Bound by the national park to north and channel to the south. Rare to find businesses moving from Hampshire.

Industrial Market Summary

10.107 The UK industrial property market is thriving, owing to an accelerated shift towards e-commerce, Brexit and demand from high-tech occupiers. This demand is driving high rents which are growing at a faster rate than other major property types.

10.108 The South Coast market has a significant property market with good transport connections. The area's industrial market has barely been impacted by the pandemic and strong demand has led to an undersupply of space.

10.109 Chichester's industrial market (factories and warehousing) has grown rapidly over the last 10 years and is now a mid-sized market which makes an important contribution to the industrial market of West Sussex and the South East.

10.110 Chichester's industrial market (including warehousing) is extremely undersupplied. This is due to both strong recent demand and low levels of delivery.

10.111 Rents are very strong in Chichester reflecting the area's strategic location (and potentially historically low vacancy rates).

10.112 Recent demand for industrial space is for all sizes in Chichester, however over half of demand is for floorspace of between 100 and 2,000 sqm.

10.113 High levels of undersupply in Chichester's industrial market will be considered when assessing future floorspace needs.

11.   EMPLOYMENT GROWTH FORECAST

11.1   The previous HEDNA update set out a range on indicators relating to the economy, labour supply and business base. Most of these will not have changed in the interim year since that document was published.

11.2   However, the pandemic has impacted the local economy with some sectors fairing differently from others. The table below shows the short-term trend. What we can see from the totals is that the local economy had performed very well between 2018 and 2019 before the pandemic brought it back in line with historic trends in 2020 and below this level in 2021.

Table 11.1   Total Employment (2018-2021)

	2018	2019	2020	2021
Chichester	73,210	75,419	73,198	72,360

Source: Oxford Economics

11.3   Firstly, it is difficult to delineate whether the growth in 2019 was as a result of errors in the data returns and the 2020 figure reflects the data returning to its natural level or as a result of Covid, or a combination of both.

11.4   However, the main issue with the 2021 figure is that we are starting from a trough in the cycle and the initial growth from this point is unlikely to generate any demand for additional floorspace as it will essentially just be the re-employment of those that were furloughed or made redundant during the pandemic.

Baseline Forecasts

11.5   Iceni commissioned Oxford Economics (OE) to provide baseline demand-based forecasts for the HEDNA. The OE forecast is dated October 2021. The baseline model is the lowest hierarchical level of the OE framework of forecasting models with any event which impacts the international and national economy trickling down to regional and local economies based on their structure and past performance. This framework ensures that the forecasts are more than just an extrapolation of past trends. A full explanation of the model can be found in the previous HEDNA.

11.6   Oxford Economics Baseline scenario shows the total number of jobs in Chichester District is expected to grow from approximately 72,400 in 2021 to 78,100 in 2039. This is a total forecast growth of 5,700 which equates to an annual growth rate of 0.4%.

11.7   However, if we were to benchmark the growth from the pre-pandemic levels in 2019 the economic growth is only around 2,700 jobs which equates to around 0.17%. We can therefore start to understand how important the starting point is for this analysis.

11.8   This is a slower rate than the baseline growth in 2018 HEDNA and not dissimilar to that of the 2020 HEDNA Update. As illustrated below, the Baseline Forecast in Chichester District is slower than historic level of jobs growth.

Table 11.2   - Employment in Chichester Historic and Forecast (1993-2039)
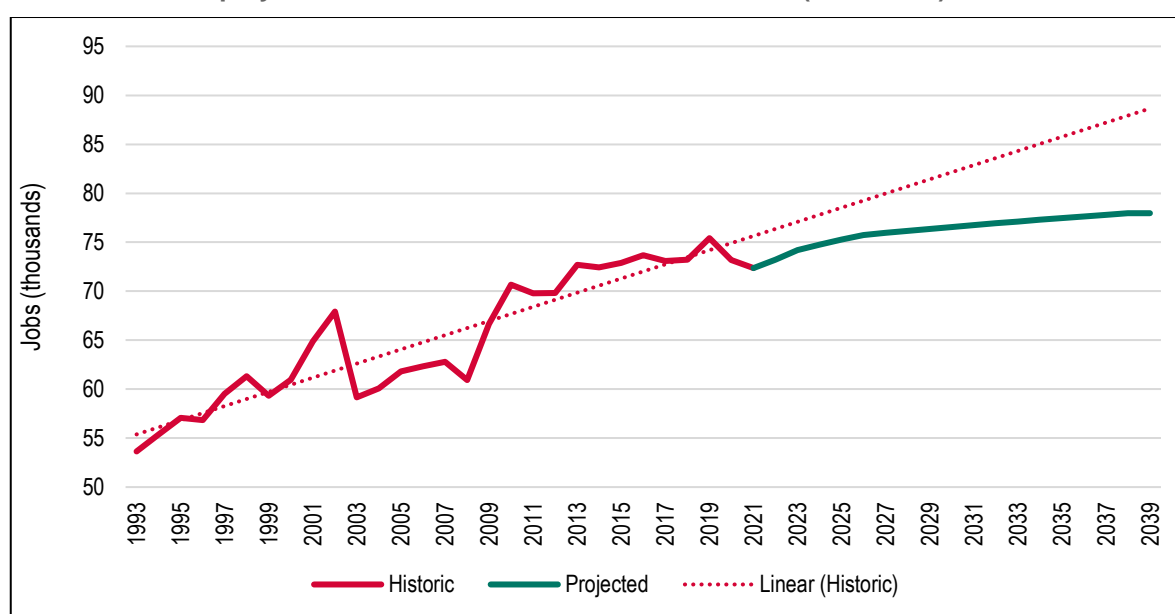
Source: Oxford Economics, 2019

11.9   The slower rate of growth going forward as compared to previous economic cycles is not confined to Chichester District but is expected regionally and nationally. This reflects the twin impacts of Brexit and the pandemic but also the fact that the economy was strong historically.

Growth Forecasts

11.10   In addition to the baseline forecasts this study is also reviewing the previous HEDNA Growth Scenario. The Growth scenario builds on the baseline forecasts but reflect a greater level of knowledge of the local economy garnered from discussions from a range of stakeholders.

11.11   The previous HEDNA showed that the District has particular strengths in the agriculture/horticultural sector (where the proportion of jobs in Chichester is three times the regional rate). Additionally, the District has strengths in manufacturing linked to Rolls Royce Motors' Goodwood site.

11.12   There is also a strength in hospitality, creative and recreation sectors all of which can be linked to tourism. It also noted that real estate and business support services, public administration and

defence and healthcare (linked to the ageing population) are also significant contributors to the District's economy.

11.13   The OE models means that the baseline forecast in some sectors may more closely resemble the regional trends which OE considers will be less positive than the historic trends at a regional level. For example, the manufacturing sector has been in long term decline but because the sector in Chichester is unusually dominated by the car manufacturing and food production this is unlikely to reflect national or regional trends.

11.14   In 2018 for the HEDNA, GL Hearn undertook detailed consultation with a range of partners to determine growth plans and sector drivers. This included the Local Enterprise Partnership (LEPs), the Council, and the University of Chichester as well as consultation with local commercial agents.

11.15   In 2019 and 2020 these were revisited (also by GL Hearn) these and supplemented with further consultation and analysis of the Inward Investment and Growth report 2019. For this work we have engaged with local agents and the economic development officer as well as the University to inform our work.

11.16   As set out the table below we have made adjustments to a number of sectors to reflect our understanding of the local economy. Where adjustments have been made these have been to either halt projected declines or to benchmark future growth to historic levels.

Table 11.3   Adjusted Sectors in the Growth Scenario

Sector	Baseline (21-39)		Growth (21-39)		Justification
	Jobs	%	Jobs	%	
Agriculture & Mining	-494	-1.0%	0	0.0%	The horticultural industry is strong in Chichester and the baseline decline seems unrealistic.
Manufacturing	-2,108	-2.2%	0	0.0%	The majority of manufacturing employment is at RR and Food production neither of which are likely to contract
Transport & Warehouse	-51	-0.3%	285	1.3%	There is known demand and there has been a post-covid shift to e-commerce
Hospitality	592	0.5%	1,440	1.2%	The sector is known to have rebounded strongly and there are developments such as the Southern Gateway site and Bunn Leisure which will support further growth.
Education	415	0.3%	670	0.5%	The University is planning a substantial growth.
Total	5,761	0.4%	9,802	0.7%	

Source: Iceni Projects analysis of OE Data

11.17   In the previous HEDNA there were a number of other sectors which were adjusted such as Professional Scientific and Technical which are no longer being adjusted. This is because either the baseline is now strong in comparison to previous rates of growth, or the adjustment is no longer justified.

11.18   As shown in the table above the growth scenario would see a total of 9,802 additional jobs in the district. This equates to a growth of 0.7% per annum. This broadly compares to the previous HEDNA update (9,500 jobs and 0.7% per annum). However, the latest figures include an element of pandemic recovery against a backdrop of a weaker economy and different structure of growth.

11.19   The figure below illustrates the growth in each sector for both the baseline and growth scenario. The largest sector of growth is the health sector which reflects both the growing population and the ageing of it.

11.20   Other notable sectors of growth are the hospitality sector, professional, scientific and technical and business support services. The only sector forecast to decline is the public admin and defence sector.

Table 11.4   - Forecast Employment Growth By Sector (2031-2039)
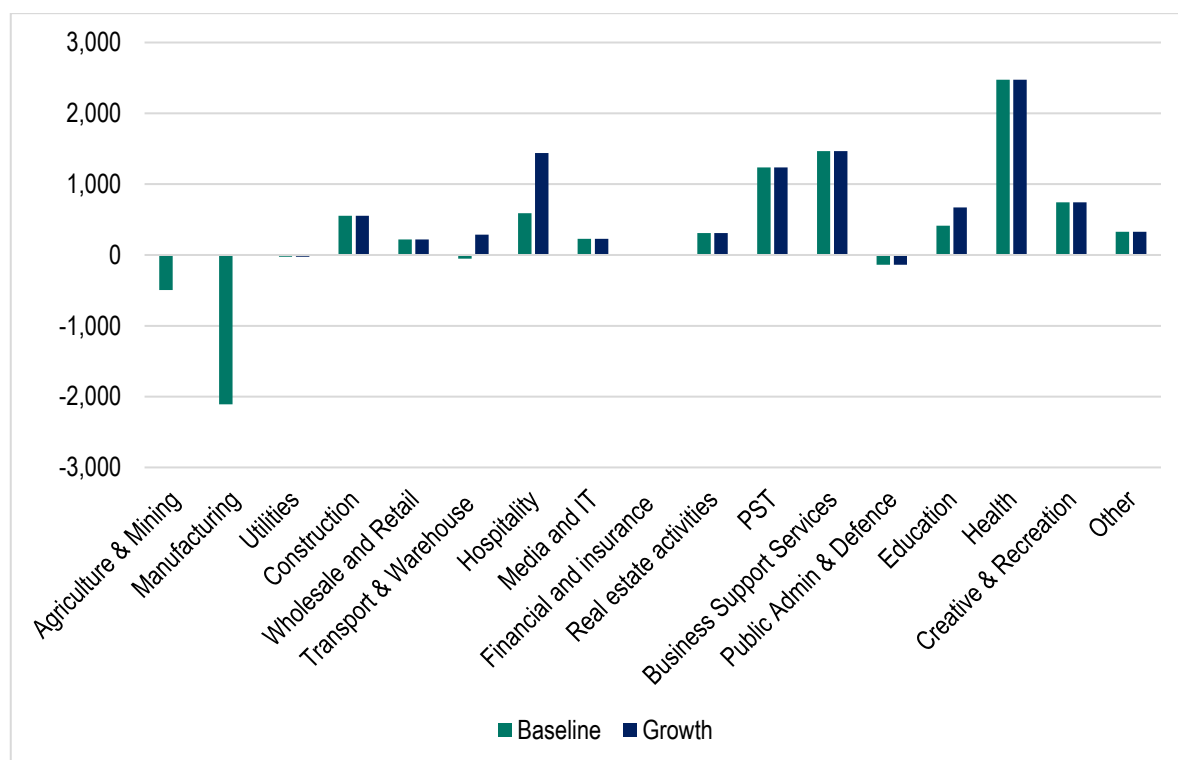
Source: OE and Iceni Projects

Labour Supply Scenario

11.21   As stated earlier in this report the delivery of 763 dwellings per annum (638 in LPA and 125 in the National Park) there would support 12,313 jobs across the district. However, this is not broken down

into different sectors in order to understand what the demand for employment land would be. We therefore have to create a set of sectorial projections linked to this level of job growth.

11.22   There is no set approach to this Iceni has therefore used the following alternative methodology to determine the sectoral split of these jobs in order to calculate the labour supply employment land needs:

- Identify a difference of 6,552 jobs between the baseline labour demand forecast growth (5,761 jobs) and the labour supply forecasts growth (12,313 jobs). This figure is to be redistributed among the different sectors.

- We have assumed that 80% of the additional employment growth occurs in population driven (endogenous) sectors as defined in the table below with the remaining 20% in labour demand (exogenous) sectors. The reasoning for this is that population change does not automatically lead to increased investment in business sector growth or agglomeration, but drives jobs in retail, education, health etc. The 20% is more reflective of a multiplier effect of the endogenous sectors.

- The 80% and 20% of jobs are distributed across the endogenous and exogenous sectors respectively on the basis of each sectors contribution to the endogenous total or exogenous total in 2021.

- However, for manufacturing and agriculture we have continued to use the baseline labour demand forecasts as these sectors are driven by wider population growth rather than just the local population growth. Arguably, this is the case for a number of exogenous sectors but in most cases there will become a critical mass in local population growth which will result in some local growth within these sectors.

11.23   To give a worked example we have assumed that 80% of the 6,552 additional jobs are in population driven sectors, this equates to 5,242 jobs. In 2021 these sectors accounted for 47,630 jobs in Chichester of which wholesale and retail accounted for 9,854 jobs (20.6%). We have therefore assumed that 20.6% of the 5,242 additional jobs will be wholesale / retail jobs. This equates to 1,079 jobs which is added to the baseline jobs growth of 221 jobs giving a total growth of 1306 or 73 per annum.

11.24   The outcomes of this modelling exercise are summarised in the table below. This is shown in comparison to the baseline forecasts.

Table 11.5   Growth by Sector (2021-2039) – Labour Supply Scenario

Sector	Sector Type	Baseline	Labour Supply
Agriculture and Mining	Exogenous*	-494	-494
Manufacturing	Exogenous*	-2,108	-2,108
Utilities	Exogenous	-26	-11
Construction	Endogenous	555	1,036
Wholesale and Retail	Endogenous	221	1,306
Transport, Warehouse and Postal	Endogenous	-51	72
Accommodation, Food and Bev	Endogenous	592	1,270
Media and IT	Exogenous	226	376
Financial and insurance	Exogenous	5	113
Real estate activities	Exogenous	309	484
PST	Exogenous	1,236	1,745
Business Support Services	Exogenous	1,468	1,821
Public Admin and Defence	Endogenous	-136	374
Education	Endogenous	415	1,150
Health	Endogenous	2,476	3,587
Creative and Recreation	Endogenous	744	1,027
Other	Endogenous	327	565
Total		**5,761**	**12,313**

Iceni Projects based on OE Data *not adjusted from baseline

Summary

11.25   The baseline economic forecasts show a growth of 5,761 additional jobs over the 2021 -2039 period.

11.26   The growth scenario makes adjustments based on intelligence about the local structure and prospects of a range of sectors within Chichester.

11.27   Combined these adjustments add an additional 4,041 jobs to the baseline forecasts taking the growth from 0.4% per annum to 0.7% per annum. This results in a total growth of 9,802 jobs.

11.28   However, the 2021 figure is the bottom of the pandemic cycle and some of the initial growth from this point is unlikely to generate any demand for additional floorspace as it will essentially just be the re-employment of those that were furloughed or made redundant during the pandemic.

11.29   We have also looked at the number of jobs associated with the delivery of the standard method of 763 dwellings per annum (638 in LPA and 125 in the National Park). Our calculations suggest this level of growth would support 12,313 jobs across the district.

12. EMPLOYMENT LAND NEEDS

12.1   This final section of the report considers the demand for employment land and floorspace over the period from 2021-39. When considering the scale of employment land need the Planning Practice Guidance recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on:

- Labour Demand;

- Labour Supply; and

- Past Take-Up.

12.2   The labour supply position linked to the standard method (763 for the district and 638 for the plan area) generates a population that could potentially support 12,213 jobs.

12.3   The growth is initially presented on a Chichester District level, as econometric forecasts are only readily available at a local authority level. Adjustments to these scenarios have then been made to provide information on the overall floorspace and land need for the Plan Area.

Labour Demand

12.4   As set out in Chapter 11 the adjusted Growth forecast results in a growth of 9,802 jobs. As per the previous HEDNA this is then translated to employment floorspace through a series of steps which are illustrated below.

- **Economic Forecast by sector** - From OE (with internal adjustments)

- **Full Time Equivalent by sector** - By Applying assumptions around Self Employment, Full-time and Part-time working

- **Sector by Use Class** - By applying assumtions around the % of jobs in each sector taking place in Offices, Warehouses and Factories

- **FTE Growth by Use Class** - Previous outputs are combined i.e. number of FTE jobs in each sector disaggregated by use class

- **Employment Floorspace** - By applying Employment Density assumptions (square metres per job) the total floorspace need in each use class is calculated

- **Employment Land** - By applying Plot Ratio (ratio between plot size and floorspace) assumptions the total land need in each use class is calculated

12.5   Once the labour demand employment land calculation is completed there are additional considerations are also set out. These include an adjustment for Covid, a flexible margin to address potential errors in the forecast and replacement demand to address potential future losses to other uses.

12.6   As shown above, the first step is to translate total employment into FTE jobs. This is required as the employment densities that are used are to be applied to FTE jobs. The number of FTE jobs is calculated by looking at the number of self-employed, full-time and part-time employees in each sector. Full-time and part time jobs equate to 1 FTE while part time jobs equate to half an FTE.

12.7   As shown in the table below, the FTE jobs growth is around 8,914. The table also illustrates the fact that much of the jobs growth is expected in the first five years. Again, this reflects the recovery from the pandemic.

12.8   The next step translates the number of FTE jobs into the different employment types. For the purposes of this study we have proportioned the number of FTE jobs into those in Office, R&D Offices, Light Industrial, Industrial and Warehousing floorspace. This was previously known as B-class jobs.

12.9   Of the additional 8,879 FTE employees we estimate that around 2,448 will be in office, factories (light and general industrial) and warehousing premises with the majority of these in offices.

Table 12.1   Total Jobs and FTE Jobs Growth by Period – Chichester District

	2021-2026	2026-2031	2031-2036	2036-2039	2021-2039
Total Jobs	3,894	2,511	2,431	965	9,802
FTE Jobs	3,548	2,281	2,210	8,74	8,914
FTE Jobs in Employment Floorspace	1,163	532	486	267	2,448

Source: Oxford Economics and Iceni Projects

Floorspace Demand

12.10   To translate the number of FTE jobs to floorspace we have used a consistent set of employment densities and plot ratios from the previous HEDNAs. The assumed employment densities[27] and plot ratios[28] are set out below. Although the calculation for offices is slightly more nuanced as different densities are applied to different types of offices.

Table 12.2   Employment Densities and Plot Ratio Assumptions

	Office	R&D Office	Light Industrial	Industrial	Warehouse
Employment Density	9.9 - 14.3	60.0	49.4	37.8	72.1
Plot Ratio	0.75	0.75	0.4	0.4	0.5

Source: *HCA Employment Densities Guide: 3rd Edition* (Drivers Jonas Deloitte, 2015)   and Iceni Projects

12.11   As a further sensitivity, in response to greater levels of home working within office based industries we have provided the outputs for office based demand as a range. The lower end of this range reflects a 30% reduction in employment densities and subsequently demand. Limited evidence is available regarding post pandemic office usage patterns, however, in Iceni's view it is useful to have a scenario which allows for some de-linkage of office and employment growth.

12.12   Applying these employment densities to the FTE forecasts generates a net change in employment floorspace of between 64,000 and 72,000 sq. metres for the growth scenario, with the largest demand for Warehousing space and demand for industrial much less than the others.

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[27] Employment Densities are the assumed floorspace per FTE e.g., for R&D offices it is assumed that every FTE will have 60 sq. m

[28] Plot Ratio are the assumed percentage of a plot taken up by employment floorspace e.g. for Warehouses it is assumed that only 50% of a plot would be taken up by the warehouse itself with the other 50% used for a variety of uses including storage, turning circles, plant, parking, landscaping etc.

12.13   Once plot ratios are applied to the floorspace growth the total need for employment land under the growth scenario in Chichester over the 2021-2039 period is calculated as between 11.9 and 12.9 Hectares.

Table 12.3   Employment Floorspace and Land Requirement – Chichester – 2021-2039

	Baseline		Growth	
	Employment Floorspace Requirement (sq. m)	Employment Land Requirement (Ha)	Employment Floorspace Requirement (sq. m)	Employment Land Requirement (Ha)
Office	19,044 - 26,173	2.5-3.5	19,495-26,817	2.6-3.6
Factory	-74,283	0.0	8,486	2.1
Warehouse	18,001	0.0	36,064	7.2
Total	-37,239 - -30,109	-12.4 - -11.5	64,044-71,367	11.9-12.9

Source: Iceni Projects based on OE data

12.14   It is of note that the figures below do not necessarily accord with the commercial property market findings, and this is tested further in the completions trend that follows – with a weakening link between job growth and floorspace needs notably in manufacturing requirements.

12.15   The baseline scenario sees a negative demand for industrial space which is largely driven by the forecast decline in manufacturing employment. Because of the significant decline in industrial floorspace demand we do not consider this to be a realistic scenario and have not considered it further.

Covid Adjustment

12.16   The forecast growth also requires adjustment as it reflects post pandemic recovery that will not require additional floorspace i.e. jobs will be re-absorbed. We have therefore made a further calculation which seeks to understand the extent of recovery by calculating negative need generated by the decline in employment between 2019 and 2021.

12.17   According to OE the number of jobs fell by around 3,000 in the period 2019 to 2021. By calculating the level of floorspace associated with his loss, in the same way as the core analysis set out above we can understand what level of need is associated with the pandemic recovery.

12.18   In doing so we are effectively saying that the council are not required to plan any additional floorspace for the first 3,000 jobs in the recovery. This is because we are assuming that these jobs can be re-absorbed by the existing stock.

12.19   As shown in the table below with the Covid adjustment reduces the overall need by 6.7 Ha which is almost entirely comprised of industrial space. This is because office based industries were not as impacted by the pandemic as much, as people could work from home thus mitigating job losses. The adjustment for office space (especially when adjusted for working from home) is less than 0.5Ha so is not shown in the table below. The industrial jobs can however return (as they have been) to their former premises without the need to build more, hence this adjustment.

Table 12.4   Covid Adjustment– Chichester District – 2021-2039

	Covid Adjustment
Office	0.0
Factory	-4.6
Warehouse	-2.1
Total	-6.7

Source: Iceni Projects based on OE data

Flexible Margin

12.20   It is considered good practice to include a margin of employment land need in addition to floorspace modelling. This step is also included in the previous HEDNA and takes account for:

- The potential error margin with the forecasts;

- Providing a choice of sites to facilitate competition; and

- Providing flexibility to allow for any delays in sites coming forward

12.21   In the 2017 Chichester HEDNA, a flexible margin of 5 years' worth of completions trends was used. However, this was changed to 2 years in the 2019 and 2020 HEDNAs as one of the drivers for the 5-year margin was an allowance for sites lost to alternate uses including residential. This is now calculated separately (as replacement demand below) and considered in addition to the margin.

12.22   In total, gross completions have been in the region of 12,150 square metres per annum although this has been slightly impacted by slower recent growth and also excludes the exceptional development for Rolls Royce at Westhamptnett in 2004.

12.23   The annual trends are doubled to give a margin of two years, this equates to an additional 24,300 sqm to the overall need. Using the same plot ratio as other calculation this step results in an additional 5.0 Ha of land being added to the need, the majority of which is industrial and warehousing need.

Table 12.5 Flexible Margin from Gross Completions – Chichester Plan Area

2001-2021	Annual Average sqm	Total Margin (2 years) sqm	Plot Ratio	Flexible Margin (Ha)
Office	2,925	5,850	0.8	0.8
Factory	5,381	10,761	0.4	2.7
Warehouse	3,844	7,689	0.5	1.5
Total	12,150	24,300		5.0

Source: WSCC Data and CDC Data

Replacement Demand

12.24 While manufacturing employment is expected to decline, there is clearly still demand for industrial floorspace as demonstrated by the commercial property market and confirmed by local agents. This demand is driven by existing companies seeking newer accommodation to move and/or grow into. Automation also means that while employment in manufacturing is falling the value of the sector is growing even in the baseline scenario.

12.25 The noted high demand is exacerbated by the loss of existing space to alternative uses. We have therefore made a final adjustment to account for floorspace or land that has been lost from business activity in the past and may continue to be lost in the future.

12.26 The losses are comprised of redundant sites that are no longer desired by the market, taking into account changing industrial patterns and structural shifts in the economy, and losses due to permitted development rights to residential use.

12.27 Because of differing monitoring regimes we have collated losses to other uses for different time periods, but in all cases taken the average for the longest period available. For losses to other commercial uses we have taken the average annual losses from 2001 and for losses to residential from 2018. We have then taken the average for each of these groups to get to an overall average. The scale of these losses is outlined below.

12.28 As shown the largest amount of lost stock has been warehouse stock (1,537 sqm per annum) of which most has gone to residential uses. This is common as warehouse space has a shorter lifespan than other uses. There have also been losses in industrial (414 sqm per annum) and office space (1,894 sqm per annum) that will arguably need to be replaced.

Table 12.6   Commercial Losses to Other Uses (2001/18-2021) – Chichester Plan Area

Lost to	Office	Industrial	Distribution	Total
A1 (Shops etc)	3,428	20,648	4,297	28,373
A2 (Professional and Financial Services etc.)	5,92	260	60	912
D2 (Assembly and Leisure)	1,185	1,088	874	3,147
Total to A1,A2,D2 (2001-2021)	5,205	21,996	5,231	32,432
Average (2001-2021)	260	1,100	262	1,622
Average to Residential (2018-2021)	1,277	314	2,616	4,207
Revised Average	1,537	1,414	2,878	5,829

Source: Iceni Projects based on OE and WSCC Data

12.29   It is not expected that the rate of losses will continue to the same degree but some losses will continue to occur. This is justified as the strong upturn in demand for warehousing space means that it is less likely to be lost in future. We have therefore assumed that historic trends in losses to other uses going forward will be at 50% of the rates calculated.

12.30   As shown in the table below, if this trend continues there will be a replacement demand for almost 52,000 sq. m across the plan period. This is the equivalent of replacing around 7% of the total employment floorspace. This is translated in to employment land using same plot ratios as before. In total, this component adds 10.2 Ha on to the calculation. The majority of this is from industrial and specifically warehouses.

Table 12.7   Replacement Demand Calculation (2021-2039) – Chichester Plan Area

	Average Annual Loss to Other Uses sqm	50% of Average Annual Loss to Other Uses sqm	Replacement Demand sqm	Replacement Demand Ha
Office	1,537	769	13,835	1.8
Factory	1,414	707	12,724	3.2
Warehouses	2,878	1,439	25,898	5.2
Total	5,829	2,914	52,457	10.2

Source: Iceni Projects based on OE and WSCC Data

Labour Demand Conclusions

12.31   Once these various adjustments are added to the core need from the modelling the total demand is for between 20.4 and 21.4 Ha of employment land. The majority of this demand is for warehouse space (11.8Ha).

Table 12.8   Employment Land Requirement with Covid Adjustment, Margin and replacement demand – Chichester – 2021-2039

	Employment Land Requirement (Ha)	Covid Adjustment	Flexible Margin	Replacement Demand	Revised Need
Office	2.6 - 3.6	0.0	0.8	1.8	5.3 - 6.3
Factory	2.1	-4.6	2.7	3.2	3.4
Warehouse	7.2	-2.1	1.5	5.2	11.8
Total	11.9 - 12.9	-6.7	5.0	10.2	20.4 - 21.4

Source: Iceni Projects based on OE and WSCC Data

12.32   The equivalent figure for floorspace is for between 112,000 and 119,500 sq. m the largest percentage of which is warehouse floorspace (59,000 sq.m). There is also a substantial need for office floorspace (39,500 to 47,000 sq., m) while Industrial requires 13,500 sq. m.

Plan Area

12.33   As per the previous HEDNA we are required to make an assumption as to the percentage of employment land that will be required in the Plan Area. To do this we have maintained the assumption that 15% of development will occur in the South Downs National Park and 85% in the rest of the district based on assessed employment activity between the two areas.

12.34   The reduction of 15% only applies to the requirement and Covid adjustment as the flexible margin and replacement demand already reflects data for the plan area. The table below shows the need for the district alongside that for the Plan Area from the labour demand scenario. As shown the employment land need for the Plan Area is overall around 1 hectares lower than the district wide need.

Table 12.9   Labour Demand - Plan Area Need (2021-2039)

	Revised Need - District (sq. m)	Revised Need - District (Ha)	Revised Need - Plan Area (sq. m)	Revised Need - Plan Area(Ha)
Office	39,453 – 46,953	5.3 - 6.3	36,488 – 42,863	4.9 - 5.7
Factory	13,518	3.4	15,013	3.8
Warehouse	59,038	11.8	55,220	11.0
Total	112,009 – 119,509	20.4 - 21.4	106,721 – 113,096	19.7 - 20.5

Source: Iceni Projects based on OE and WSCC Data

Labour Supply

12.35   The labour supply calculations are considered in much the same way as the labour demand calculations. The difference being that the economic forecasts are linked to the delivery of 763 dpa across the plan period which as set out earlier in the report would support 12,313 jobs.

12.36 As set out earlier in the report we have assumed 20% of growth above the baseline will occur in nationally focused sectors and 80% of the growth above the baseline will occur in population driven sectors such as retail and wholesale, education and healthcare.

12.37 It should also be noted that additional labour supply could also result in greater levels of out-commuting as the surplus labour supply seek work elsewhere. This could be used to support economic growth in neighbouring authorities who may not have sufficient labour supply. This is however a duty to cooperate issue.

12.38 As shown in the table below, applying the same steps and assumptions as set out above, the labour supply approach results in an overall need for between 13.2 and 14.9 Ha. This includes a substantial reduction in industrial floorspace linked the decline in manufacturing employment.

Table 12.10 - Labour Supply Employment Land Requirement – Chichester District – 2021-2039

	Employment Land Requirement (Ha)	Covid Adjustment	Flexible Margin	Replacement Demand	Revised Need
Office	4.4-6.1	0.1	0.8	1.8	7.1 - 8.7
Factory	-17.3	-4.6	2.7	3.2	-16.1
Warehouse	17.6	-2.1	1.5	5.2	22.2
Total	4.6-6.3	-6.7	5.0	10.2	13.2 - 14.9

Source: Iceni Projects based on OE and WSCC Data

12.39 We also need to make an assumption as to the percentage of employment land that will be required in the Plan Area. Again we have assumed that 85% of employment activity takes place in the Plan Area compared with the district. As shown in the table below, the employment land need for the Plan Area is overall for between 12.5 and 13.9 hectares.

Table 12.11 Labour Supply Employment Land Need - Plan Area (2021-2039)

	Revised Need Labour Supply- District (sq. m)	Revised Need Labour Supply - District (Ha)	Revised Need Labour Supply - Plan Area (sq. m)	Revised Need Labour Supply - Plan Area(Ha)
Office	50,783 – 65,557	7.1 - 8.7	49,044 – 59,974	6.4 - 7.8
Factory	-64,221	-16.1	-62,544	-13.5
Warehouse	110,826	22.2	104,530	19.5
Total	102,667 – 112,162	13.2 - 14.9	91,827 – 101,960	12.5 - 13.9

Source: Iceni Projects based on OE and WSCC Data

12.40 Much of this growth is concentrated in warehouse demand, This can be linked to the profile of growth within the labour supply scenario. i.e. more retail and wholesale employment as the local population grows.

Past Completions

12.41 We have examined gross completions over the period from 2001. Net completions is based on a hybrid of losses to other commercial uses back to 2001 and losses to residential since 2018. This is due to restriction on the availability of data. The data has been provided by the Council and includes revisions to previous years so is arguably more accurate than the previous assessment.

12.42 The figure below illustrates gross and net completions excluding exceptional development for Rolls Royce. On average, gross completions was around 12,150 sqm per annum. This falls to 2,171 sqm per annum when average losses are taken into account.

Table 12.12 - Gross and Net Completions – Chichester Local Plan Area – 2012/13 – 2020/21

Gains	Office	Industrial	Distribution	Total
Total Gains 2001-2021 (Gross Completions)	58,500	107,611	76,885	242,996
Average Gains 2001-2021 (Gross Completions)	2,925	5,381	3,844	12,150
Total Losses to Commercial 2001-2021	5,892	71,317	38,230	115,439
Average Losses to Commercial 2001-21	295	3,566	1,912	5,772
Average Losses to Residential 2018-21	1,277	314	2,616	4,207
Revised Average losses (mixed timeframes)	1,572	3,880	4,528	9,979
Average Net Annual Change (Net Completions)	1,353	1,501	-683	2,171

Source: Iceni Projects based on OE and WSCC Data

12.43 The lower net data reflects losses to all other uses but particularly due to the high demand for residential uses in the area. This is supported by the relative land values associated with residential compared to employment uses. Although this gap is closing as lack of available space supported increases to commercial land values. This also means that these trends may not continue.

12.44 That said, losses of industrial to residential may represent land that no longer required by industry as well as in some instances land that may still have had potential commercial use but where redevelopment for employment is not viable. Losses from office use include a mix of permitted development and changes of use from vacant or redundant offices.

12.45 The table below extrapolates past trends in net and gross floorspace. The table also applies the same plot ratio assumptions as elsewhere in this report to convert the floorspace to a land area.

12.46   As shown, the net completions result in a need for 7.5Ha while gross completions result in a significantly higher need of 45.1 Ha. This is more than three and a half times the labour demand growth scenario for the plan area of up to 12.9 Ha.

Table 12.13 - Completions Trend Scenarios Future Requirement, 2021-39 – Plan Area

Need (based on Gross Completions)	Office	Industrial	Distribution	Total
Need sqm	52,650	96,850	69,197	218,697
Need Ha	7.0	24.2	13.8	45.1
Need (based on Net Completions)	**Office**	**Industrial**	**Distribution**	**Total**
Need sqm	24,362	27,012	-12,298	39,076
Need Ha	3.2	6.8	-2.5	7.5

Source: Iceni Projects based on Chichester District Council data

12.47   Gross trends represent all completions without accounting for recycling of sites. This is not the case with net trends which are therefore more useful in predicting growth and should be viewed as the preferred completions scenario.

12.48   As with the labour demand approach completion trends should also include a margin for flexibility and replacement demand. As shown in the table below including these adjustments to preferred completions scenario results in an overall need for 22.8 Ha, the majority of which is for industrial employment land.

Table 12.14 Completion Trends - Overall Employment Land Need – Plan Area (2021 – 2039)

Type	Net Completion Trend	Flexible Margin	Replacement Demand	Total Need Sq. M	Ha
Office	24,362	5,850	13,835	44,047	5.9
Factory	27,012	10,761	12,724	50,497	12.6
Warehouse	-12,298	7,689	25,898	21,288	4.3
Total	39,076	24,300	52,457	115,832	22.8

Source: Iceni analysis of Chichester District Council monitoring data

12.49   For comparison only, we have also examined VOA floorspace data which is taken from ratings information. However, this data is not disaggregated by warehouse and distribution and also does not include the most recent year of completions. This data is also for the whole district we have therefore reduced the need by 85%.

12.50   As shown in this table below, the need for offices is negative while industrial use is around 19.5 sq. m for industrial use which compares to 16.9 Ha using the Council data which also includes a number of additional adjustments.

Table 12.15 - Employment Land Need based on Completion Trends (2021-2039)

Area	Total Change 2000/01-2019/20	Annual Change 2000/01-2019/20	Projected Need (Sq. M)	Projected Need (Ha)
Office	-11,000	-579	-8,337	-1.1
Industrial	116,000	6,105	87,916	19.5
Total	105,000	5,526	79,579	18.4

Source: Iceni analysis of VOA Data

Overall Need Calculations

12.51 As set out above we have examined a range of ways to determine the future need for employment land in Chichester. This includes examining economic projections (labour demand), population growth (labour supply) and historic delivery trends (completions trend).

12.52 Where appropriate we have also taken into account the impact of Covid which resulted in substantial job losses which can be re-absorbed in to the local economy (Covid adjustment). We also recognise that the choice should be provided in the land and premises companies seek and that the economic forecasts are unlikely to be 100% accurate (flexible margin). We have also taken account of potential future losses of employment floorspace to other uses (replacement demand).

12.53 The table below summarises the forecast employment land floorspace and area positions for each of the main scenarios for the three main approaches i.e. for the labour demand approach we have used the growth scenario. For the labour supply approach we have linked this to the standard method. For the completions trend approach we have drawn on net completions.

12.54 It should be reiterated that the labour demand and labour supply based modelling has been reduced by 15% to reflect that 85% of employment activity takes place in the Plan Area compared with the district (based on 2018 HEDNA). This does not apply to the completions data, flexible margin nor replacement demand which are based on completions in the Chichester Plan Area.

12.55 The scenarios show a future employment land need ranging from 92,000 sqm / 12.5 ha (Labour supply) to 116,000 sqm / 22.8 ha (Completions Trend Gross). However, it is prudent to look at the need for each type independently.

Table 12.16 - Range of Employment Land Need 2021-39 – Chichester Plan Area

	Labour Demand (Growth Scenario)		Labour Supply (Standard Method)		Completions Trend (Net)	
	Sq. m	Ha	Sq. m	Ha	Sq. m	Ha
Office	36,488 – 42,863	4.9 - 5.7	49,044 – 59,974	6.4 - 7.8	44,047	5.9
Factory	15,013	3.8	-62,544	-13.5	50,497	12.6
Warehouse	55,220	11.0	104,530	19.5	21,288	4.3
Total	**106,721 – 113,096**	**19.7 - 20.5**	**91,827 – 101,960**	**12.5 - 13.9**	**115,832**	**22.8**

Source: Iceni Projects base on OE and CDC data

12.56   The labour supply scenario is likely to drive demand in population driven sectors and is arguably less robust given uncertainty about delivering the level of housing growth associated with the standard method. The method of distributing the additional growth above baseline to different sectors is also more simplistic than the growth scenario and therefore arguably less robust. For those reasons we have not considered this scenario any further.

12.57   For offices there is little difference between the remaining scenarios (5.7 - 5.9 Ha). Given the labour demand scenario provides a range to allow for greater levels of home working it may be more prudent to use this source for assessing future need.

12.58   For industrial space (factories and warehouse) the combined need ranges from 14.8Ha to 16.9 Ha. Given the demand for such space highlighted in the commercial market sector it would be reasonable to conclude at the higher end of this range.

12.59   Overall, the evidence suggests that the employment land needs for the Plan Area for the period 2021-39 is between 22 and 23 ha. Reflecting the commercial analysis the focus of need is on industrial (factory and warehouse) growth rather than office based need.

Table 12.17 – Employment Floorspace and Land Requirements 2021-2039 – CLP Area

	Floorspace (Sq. m)	Employment Land (Ha)	Source
Office	36488 - 42863	4.9 - 5.7	Labour Demand
Factory	50,497	12.6	Completions
Warehouse	21,288	4.3	Completions
Total	110277 - 116796	22.0 – 23.0	

Source: Iceni Projects based on OE and WSCC Data

12.60   In addition to the identified need, the Council should also be flexible to the needs of Rolls Royce which is integral to the local economy. This might mean accommodating additional floorspace to support the transition to electric vehicles.

Comparison to Previous HEDNA

12.61   The approach which relies on labour demand for offices and completion trends for industrial uses replicates the hybrid approach to assessing need within the previous HEDNA. However, the overall net need is slightly lower than the 25.6 Ha in 2020.

Table 12.18 - Comparison to Previous HEDNA

Type	2020 Sq. m	2020 Ha	2022 Sq. m	2022 Ha
Office	40,400	5.4	36,488 – 42,863	4.9 - 5.7
Factory	36,200	9.1	50,497	12.6
Warehouse	55,600	11.1	21,288	4.3
Total	132,200	25.6	110,277 – 116,796	22.0 – 23.0

Source: Iceni Projects and CDC HEDNA 2020

12.62   The need for offices is largely unchanged while the need for factories has increased and warehousing has decreased.   This is reasonable given the major impacts on the economy that have occurred over the last two years however this should be monitored with any notable recovery addressed.

Summary

12.63   As per the Planning Practice Guidance the use of a number of different techniques to estimate future employment land have been used including labour demand, labour supply and completions trends.

12.64   In addition we also considered the impact of the pandemic and the potential to reabsorb some jobs within the existing stock, the provision of a flexible margin and future losses to other uses (replacement demand). We also considered the proportion of floorspace required in the Plan Area (85%) as opposed to the SDNP (15%).

12.65   This resulted in an overall labour demand need for between 19.7 and 20.5Ha of employment land in the Plan Area between 2021 and 2039.

12.66   As with the previous HEDNA we have concluded that the most appropriate scenario to plan for is a hybrid of the labour demand growth scenario and past net completions.

12.67   Overall, the evidence suggests that the employment land needs for the Plan Area for the period 2021-39 is for between 110,000 and 117,000 sqm of floorspace which translates to 22 and 23 ha in employment land.

Table 12.19 – Employment Floorspace and Land Requirements 2021-2039 – CLP Area

	Floorspace (Sq. m)	Employment Land (Ha)	Source
Office	36,488 – 42,863	4.9 - 5.7	Labour Demand
Factory	50,497	12.6	Completions
Warehouse	21,288	4.3	Completions
Total	110,277 – 116,796	22.0 – 23.0	

Source: Iceni Projects based on OE and WSCC Data

12.68   This is slightly lower than the previous 2020 HEDNA which arrived at a need for 25.6 Ha. However, given shocks to the market in the interim period this reduction would not seem unreasonable.

12.69   In addition to the need identified above, the Council should also be flexible to the needs of Rolls Royce which is integral to the local economy. This might mean accommodation additional floorspace to support the transition to electric vehicles.

A1. INFRASTRUCTURE CONSTRAINED SCENARIO – 555 DWELLINGS PER ANNUM

A1.1   The PPG on Housing Needs Assessments[29] is clear that housing need is an unconstrained assessment of the number of homes needed in an area. The assessment should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this.

A1.2   Notwithstanding this, there are recognised significant issues in the District associated with highways capacity as well as nationally significant constraints including an Area of Outstanding Natural Beauty, the sea to the south and the National Park. Accordingly, this appendix considers the housing and employment needs associated with an alternative infrastructure constrained scenario developed for testing.

A1.3   This "infrastructure constrained" scenario would see housing delivery equal to 9,435 homes across the plan period or 555 homes per annum. This applies to the Local Plan Area of the District outside of the National Park. Inclusive of the SDNPA's proportion of need for 125 homes per annum in Chichester District, total housing provision would therefore be equal to 680 homes per annum.

A1.4   This key outputs of the infrastructure constrained scenario for the Chichester Plan Area (555 dpa) are modelled within this Appendix. The main report focusses on the outputs resulting from delivery of the Standard Method need of 763 dpa for the district (638 dpa for Plan Area and 125 for the National Park).

A1.5   This appendix sets out a range of key data outputs connected to the delivery of 555 dwellings per annum. These should be used if infrastructure constrains housing growth in the plan area to this level.

A1.6   This appendix sets out a range of key data outputs connected to the delivery of 555 dwellings per annum in the LPA (which would be 680 dpa across the whole District, including the National Park. These should be used if infrastructure constrains housing growth in the plan area to this level.

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[29] Paragraph: 001 Reference ID: 2a-001-20190220

A1.7 Overall key conclusions are not generally changed by using this slightly lower housing number and it should be noted that not all analysis changes by linking to a different projection (for example data about prices, rents and incomes is as of now and has not been projected forward).

Developing a Projection Linked to 555 dpa (680 dpa across the District)

A1.8 The series of tables below show information about how the population structure might change with delivery of 555 dpa in the LPA). There are three tables, the first is for the whole District with the following two looking at the LPA and National Park separately. The National Park table is the same as in the main report as in both cases modelling has worked on the basis of delivery of an average of 125 dpa over the period studied.

Table A1.1   Population change 2021 to 2039 by broad age bands – Chichester (linked to delivery of 680 dwellings per annum (dwelling constrained))

	2021	2039	Change in population	% change from 2021
Under 16	20,193	20,406	213	1.1%
16-64	67,894	71,793	3,899	5.7%
65 and over	34,256	48,272	14,016	40.9%
Total	122,343	140,471	18,127	14.8%

Source: Demographic Projections

Table A1.2   Population change 2021 to 2039 by broad age bands – Chichester LPA (linked to delivery of 638 dwellings per annum)

	2021	2039	Change in population	% change from 2021
Under 16	14,879	15,500	621	4.2%
16-64	50,851	55,331	4,480	8.8%
65 and over	24,854	35,384	10,530	42.4%
Total	90,584	106,216	15,631	17.3%

Source: Demographic Projections

Table A1.3   Population change 2021 to 2039 by broad age bands – National Park area within Chichester (linked to delivery of 125 dwellings per annum)

	2021	2039	Change in population	% change from 2021
Under 16	5,314	4,906	-408	-7.7%
16-64	17,043	16,461	-581	-3.4%
65 and over	9,402	12,888	3,486	37.1%
Total	31,759	34,255	2,496	7.9%

Source: Demographic Projections

Labour Supply and Jobs Supported

A0.1 The tables below show an estimate of how the labour supply (number of people who are economically active) might change with the dwelling constrained scenario. Analysis also looks at the number of jobs that might be supported. Across the whole District, this scenario suggest an increase of 7,900 people who are economically active and that this could support 10,100 jobs.

Table A1.4   Estimated change to the economically active population (2021-39) – Chichester District

	Economically active (2021)	Economically active (2039)	Total change in economically active
555 dpa in LPA	60,327	68,235	7,907

Source: Derived from demographic projections

Table A1.5   Jobs supported by demographic projections (2021-39) – Chichester District

	Total change in economically active	Plus 1,705 returning to employment	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
555 dpa in LPA	7,907	9,612	9,612	10,101

Source: Derived from a range of sources as described

A1.9 As set out in previous chapters the labour supply approach has not been used to calculate the economic land requirements therefore this does not impact on the overall growth in the Plan Area. The level of jobs created is also comparable to the growth scenario (9,800) so a broad comparison can be made to the outputs of that scenario.

Affordable Housing Need

A0.2 There are no changes to estimates of affordable housing need from using this alternative projection, this is because where data has been drawn from projections (notably to look at newly forming households) the information has used official projections as published to reflect a trend based estimate of need.

Housing Mix

A1.10 With the mix of housing, the alternative dwelling constrained projection makes little difference to the findings and has no impact on conclusions. The tables below do however show summary conclusions from this analysis.

Table A1.6   **Modelled Mix of Housing by Size and Tenure in Chichester (combining methodologies) – linking to 680 dpa across the District**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	29%	43%	23%
Affordable home ownership	23%	38%	26%	14%
Affordable housing (rented)	37%	38%	22%	2%

Source: Housing Market Model

Table 1.1   **Adjusted Modelled Mix of Housing by Size and Tenure – Chichester District – linking to 680 dpa across the District**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	12%	39%	35%	14%
Affordable home ownership	27%	41%	21%	11%
Affordable housing (rented)	40%	38%	19%	3%

Source: Housing Market Model (with adjustments)

<u>Older People and People with Disabilities</u>

A0.3   The final set of figures updated is in relation to older people and people with disabilities. As with other analysis the differences from linking to a different projection are not great but the tables do show some small shifts in numbers and estimates of need/disability.

Table A1.7   **Projected Change in Population of Older Persons, 2021 to 2039 – Chichester District (based on 680 dpa)**

	2021	2039	Change in population	% change
Under 65	88,087	92,199	4,112	4.7%
65-74	17,044	21,659	4,615	27.1%
75-84	11,973	17,674	5,701	47.6%
85+	5,238	8,939	3,700	70.6%
Total	122,343	140,471	18,127	14.8%
Total 65+	34,256	48,272	14,016	40.9%
Total 75+	17,212	26,613	9,401	54.6%

Source: Demographic Projections

Table A1.8   Projected Changes to Population with a Range of Disabilities – Chichester District (linked to 680 dpa)

Disability	Age Range	2021	2039	Change	% Change
Dementia	65+	2,132	3,344	1,212	56.9%
Mobility problems	65+	5,493	8,194	2,701	49.2%
Autistic Spectrum Disorders	18-64	486	517	31	6.4%
	65+	265	380	115	43.2%
Learning Disabilities	15-64	1,279	1,357	79	6.2%
	65+	597	836	239	40.0%
Challenging behaviour	15-64	24	25	1	5.7%
Impaired mobility	16-64	3,172	3,129	-44	-1.4%

Source: POPPI/PANSI and Demographic Projections

Table A1.9   Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-39 – Chichester (linked to 555 dpa outside SDNP) – National Rates

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2039	Shortfall /surplus by 2039
Housing with support	Market	63	864	1,083	219	591	810
	Affordable	62	758	1,069	311	584	895
Total (housing with support)		125	1,622	2,151	529	1,175	1,705
Housing with care	Market	30	0	520	520	284	804
	Affordable	15	74	254	180	139	319
Total (housing with care)		45	74	775	701	423	1,124
Residential care bedspaces		40	840	688	-152	376	225
Nursing care bedspaces		45	644	775	131	423	554
Total bedspaces		85	1,484	1,463	-21	799	778

Source: Derived from Demographic Projections and Housing LIN/EAC

Table A1.10   Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-39 – Chichester (linked to 555 dpa outside SDNP) and with a local health adjustment

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2039	Shortfall /surplus by 2039
Housing with support	Market	53	864	907	43	495	538
	Affordable	52	758	895	137	489	626
Total (housing with support)		105	1,622	1,802	180	984	1,165
Housing with care	Market	25	0	436	436	238	674
	Affordable	12	74	213	139	116	256
Total (housing with care)		38	74	649	575	354	929
Residential care bedspaces		34	840	577	-263	315	52
Nursing care bedspaces		38	644	649	5	354	359
Total bedspaces		71	1,484	1,225	-259	669	411

Source: Derived from Demographic Projections and Housing LIN/EAC

Table A1.11   Estimated number of wheelchair user households (2021-39) – Chichester District (linked to 680 dpa)

	Prevalence rate (per 1,000 population)	Population 2021	Population 2039	Wheelchair user households (2021)	Wheelchair user households (2039)
under 60 years	3	77,547	81,563	252	265
60 - 74 years	15	25,736	30,447	384	454
75 - 84 years	44	11,540	16,990	512	754
85 years or over	119	4,378	7,556	523	902
TOTAL		119,202	136,556	1,671	2,376

Source: Derived from a range of sources

Table A1.12   Estimated need for wheelchair user homes, 2021-2039 – Chichester District (linked to 680 dpa)

	Current need	Projected need (2021-39)	Total current and future need	Housing need (2021-39)	% of Housing Need
680 dpa	411	705	1,115	12,240	9.1%

Source: Derived from a range of sources

Table A1.13   Estimated need for wheelchair user homes by tenure, 2021-2039 – Chichester District (linked to 680 dpa)

	Market	Affordable
680 dpa	7%	19%

Source: Derived from demographic projections and EHS prevalence rates